

**HASLETT PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED JUNE 30, 2005**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

August 5, 2005

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Haslett Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools as of June 30, 2005 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2005, on our consideration of Haslett Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Education  
Haslett Public Schools

August 5, 2005

The management's discussion and analysis and budgetary comparison information on pages vi through xiii and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haslett Public Schools' basic financial statements. The additional information on pages 27 to 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mama Costenaro & Ellis, P.C.*

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

During the 2004-05 fiscal year, the District continued to present Governmental Accounting Standards Board (GASB) Statement #34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. This section of the Haslett Public School's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2005.

### FINANCIAL HIGHLIGHTS

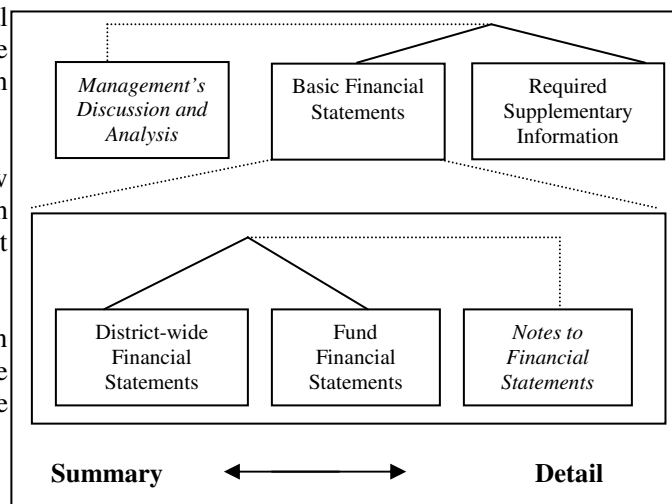
- Revenues decreased 0.3 percent to \$30.4 million. Expenditures decreased 33.1 percent to \$40.9 million, mainly due to the 2001 bond issue.
- General Fund revenues were \$25.0 million, \$193,000 more than General Fund expenditures and transfers.
- State Aid Foundation Allowance remained unchanged at \$6,858 per student.
- The District's fall student count held steady at 2,924 pupils, a decrease of 8 students from last year.
- The District participates in the School Bond Loan Fund, which allows districts to maintain level debt millages throughout the life of a bond issue. This feature of the SBLF can, however, create a net deficit in the District wide financial statements in the short term, with future debt millages restoring the net assets of the District once the bonded debt is reduced. The District reduced its outstanding long-term debt \$590,000, or 0.8 percent.
- The total taxable value of property in the District increased 6.2 percent. The five-year average for taxable value increases remains strong at 7.4 percent.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**Figure A-1**  
**Organization of the Haslett Public Schools**  
**Annual Financial Report**



The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

| <b>Figure A-2</b><br><b>Major Features of District-Wide and Fund Financial Statements</b> |  |   |   |
|---|--|---|---|
| Scope   | District-wide<br>Statements  | Fund Financial Statements   |   |
|   |  | Governmental Funds  | Fiduciary Funds   |
|   | Entire district<br>(except fiduciary funds)  | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.   | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies         |
| Required financial statements   | * Statement of net assets<br>* Statement of activities                             | * Balance sheet<br>* Statement of revenues, expenditures and changes in fund balances   | * Statement of fiduciary net assets<br>* Statement of changes in fiduciary net assets   |
| Accounting basis and measurement focus  | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial resources focus   | Accrual accounting and economic resources focus   |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, short-term and long-term   | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                     | All assets and liabilities, both short-term and long-term, Haslett Public School's funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid   |

Figure A-2 summarized the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

## DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and athletics).

The District has two kinds of funds:

- Governmental funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

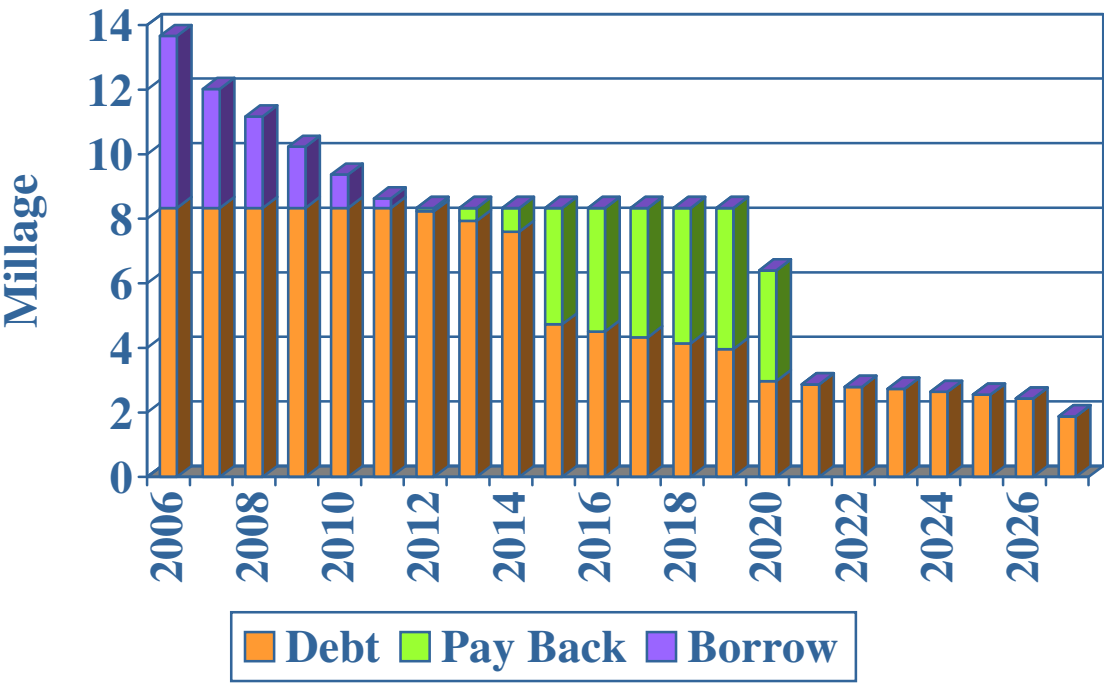


FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net assets (deficit)** – The District’s *combined* net deficit increased by \$253,951 during the year. The combined net deficit was more on June 30, 2005, than the year before, increasing from (\$11.0) million to (\$11.3) million.

The District’s net deficit results from participating for many years in the School Bond Loan Fund (SBLF) program. This program allows districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SBLF, the property tax levy is less than is required for debt service and districts in the program borrow from the SBLF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SBLF. It is projected that the District will begin repaying the SBLF in 2011-12 and over the subsequent years will eliminate the District’s deficit. The District has been in the SBLF for over 35 years. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

Debt Levy



| <b>Table A-3</b>                                |                 |                 |
|---|-----------------|-----------------|
|   | 2005            | 2004            |
| Current and other assets                        | \$ 10,354,930   | \$ 20,889,314   |
| Capital assets, net of depreciation             | 56,088,442      | 48,740,256      |
| Total assets                                    | 66,443,372      | 69,629,570      |
| Current liabilities                             | 9,775,198       | 10,859,737      |
| Long-term debt outstanding                      | 67,185,254      | 68,987,484      |
| Other long-term liabilities                     | 774,837         | 820,315         |
| Total liabilities                               | 77,735,289      | 80,667,536      |
| Net assets (deficit):                           |                 |                 |
| Invested in capital assets, net of related debt | (13,091,998)    | (13,255,640)    |
| Restricted                                      | 535,446         | 848,175         |
| Unrestricted                                    | 1,264,635       | 1,369,499       |
| Total net assets (deficit)                      | \$ (11,291,917) | \$ (11,037,966) |

| <b>Table A-4</b>                          |              |              |
|---|--------------|--------------|
|   | 2005         | 2004         |
| Revenues:                                 |              |              |
| Program revenues:                         |              |              |
| Charges for services                      | \$ 1,683,113 | \$ 1,565,527 |
| Federal and state categorical grants      | 1,228,565    | 1,403,037    |
| General revenues:                         |              |              |
| Property taxes                            | 6,037,188    | 5,774,369    |
| State aid - unrestricted                  | 18,766,066   | 18,592,905   |
| Other                                     | 2,706,712    | 3,210,684    |
| Total revenues                            | 30,421,644   | 30,546,522   |
| Expenses:                                 |              |              |
| Instruction                               | 12,641,425   | 12,557,131   |
| Support services                          | 10,181,789   | 9,261,366    |
| Community services                        | 963,240      | 461,836      |
| Outgoing transfers and other transactions | 545,306      | 985,702      |
| Food services                             | 901,453      | 826,497      |
| Athletics                                 | 591,021      | 574,170      |
| Interest on long-term debt                | 3,110,034    | 3,173,136    |
| Unallocated depreciation                  | 1,741,327    | 1,146,589    |
| Total expenses                            | 30,675,595   | 28,986,427   |
| Increase (decrease) in net assets         | \$ (253,951) | \$ 1,560,095 |

## **District Governmental Activities**

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Connection, and our school breakfast and lunch program seek to be self-supporting and cost effective.

- The state per pupil foundation allowance remained unchanged at \$6,858.
- Food Service operated at a deficit of \$18,037 on revenues of \$883,416.
- Kids Connection operated at a net profit on revenues of \$550,430.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported *combined* fund balances of \$4.9 million, including \$1.5 million in the 2001 Bond Issue Capital Projects Fund.

The General Fund's fund balance increased \$193,000 to \$2.7 million.

For bond issues, the fund balance increases when the bonds are sold, and the fund balance decreases when construction expenses are incurred. The fund balance for the 2001 Bond Issue Capital Projects Fund decreased \$8.3 million to \$1.5 million as construction continued during the current fiscal year.

## **General Fund Budgetary Highlights**

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2004-05, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District historically used a budgetary concept called budget variance. Original budget was adopted with the assumption that a favorable budget variance would exist at year-end. This budget variance had averaged 2.53 percent of budgeted expenditures over recent years. Budget adjustments made in February and June of 2005 were constructed to more closely match actual versus budgeted revenues and expenditures. Actual budget variance at year-end June 30, 2005 was .42 percent of total budgeted expenses.

While the District's final budget for the general fund, net of the favorable budget variance, anticipated that revenues would exceed expenditures by \$90,000, the actual results for the year show a \$193,000 surplus or a variance of \$103,000.

- Actual revenues were \$106,000 lower than budgeted, due largely to restricted grant revenues not being fully spent by year end.
- Actual expenditures were \$180,000 below budget. This variance in excess of the anticipated was due primarily to normal anticipated budget variances.
- Actual other financing sources and uses were \$28,000 below budget. This variance in excess of the anticipated was due primarily to normal anticipated budget variances.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

By the end of 2005, the District had invested almost \$72.1 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. This amount represents a net increase of \$9 million from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year exceeded \$1.7 million.

| <b>Table A-5</b>         |                      |                      |
|--------------------------|----------------------|----------------------|
|                          | <u>2005</u>          | <u>2004</u>          |
| Land                     | \$ 330,000           | \$ 330,000           |
| Construction in progress | 8,019,765            | 18,792,978           |
| Buildings and additions  | 54,079,731           | 36,807,580           |
| Equipment and furniture  | <u>9,674,455</u>     | <u>7,158,276</u>     |
| Subtotal                 | 72,103,951           | 63,088,834           |
| Accumulated depreciation | <u>16,015,509</u>    | <u>14,348,578</u>    |
| Total                    | <u>\$ 56,088,442</u> | <u>\$ 48,740,256</u> |

The District's fiscal year 2005-06 capital budget anticipates continued spending for 2001 bond issue projects.

### Long-term Debt

At year-end the District had \$72.1 million in general obligation bonds and other long-term debt outstanding – a net decrease of .8 percent from last year. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

| <b>Table A-6</b><br>(in millions of dollars) |                |                |
|--|----------------|----------------|
|  | <u>2005</u>    | <u>2004</u>    |
| General obligation debts                     |                |                |
| (financed with property taxes)               | \$ 71.3        | \$ 71.8        |
| Other  | <u>0.8</u>     | <u>0.9</u>     |
| Total  | <u>\$ 72.1</u> | <u>\$ 72.7</u> |

- The District continued to pay down its debt, retiring \$2.8 million of outstanding bonds.
- The District borrowed \$2.0 million from the School Bond Loan Fund during 2004-05. This leaves an outstanding SBLF balance of \$4.2 million at year-end.
- The District refinanced \$11,475,000 of its 2001 bond issue. This refinancing is projected to save the District close to \$800,000 in interest costs over the life of the bonds.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of two existing circumstances that could significantly affect its financial health in the future:

- Student enrollment projections continue to be a concern for the District. Negative variances in the actual fall student counts could cause the District to have make a downward adjustment to current revenue projections.
- Uncertain economic times for the State of Michigan could cause the State to reduce the Governor's proposed increase in the foundation allowance of \$175 per student. This is the amount that we used to prepare the 2005-06 budget.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Haslett Public Schools, 5593 Franklin Street, Haslett, Michigan 48840.

**HASLETT PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
JUNE 30, 2005**

| <b>ASSETS</b>                                     | <b>Governmental<br/>activities</b> |
|---|------------------------------------|
| <b>CURRENT ASSETS:</b>                            |                                    |
| Cash and cash equivalents                         | \$ 616,320                         |
| Investments                                       | 5,764,487                          |
| Receivables:                                      |                                    |
| Other governmental units                          | 3,558,800                          |
| Taxes   | 54,324                             |
| Other   | 72,836                             |
| Inventories                                       | 65,238                             |
| Prepaid expenditures                              | 57,181                             |
| <b>TOTAL CURRENT ASSETS</b>                       | <b>10,189,186</b>                  |
| <b>NONCURRENT ASSETS:</b>                         |                                    |
| Deferred charges, net of amortization             | 165,744                            |
| Capital assets                                    | 72,103,951                         |
| Less accumulated depreciation                     | (16,015,509)                       |
| <b>TOTAL NONCURRENT ASSETS</b>                    | <b>56,254,186</b>                  |
| <b>TOTAL ASSETS</b>                               | <b>\$ 66,443,372</b>               |
| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>       |                                    |
| <b>CURRENT LIABILITIES:</b>                       |                                    |
| Accounts payable                                  | \$ 1,389,809                       |
| Accrued interest                                  | 506,455                            |
| Accrued salaries and related items                | 2,203,355                          |
| Deferred revenue                                  | 236,227                            |
| Note payable                                      | 1,300,000                          |
| Current portion of long-term obligations          | 4,068,912                          |
| Current portion of compensated absences           | 70,440                             |
| <b>TOTAL CURRENT LIABILITIES</b>                  | <b>9,775,198</b>                   |
| <b>NONCURRENT LIABILITIES:</b>                    |                                    |
| Noncurrent portion of long-term obligations       | 67,185,254                         |
| Noncurrent compensated absences                   | 774,837                            |
| <b>TOTAL NONCURRENT LIABILITIES</b>               | <b>67,960,091</b>                  |
| <b>TOTAL LIABILITIES</b>                          | <b>77,735,289</b>                  |
| <b>NET ASSETS (DEFICIT):</b>                      |                                    |
| Invested in capital assets, net of related debt   | (13,091,998)                       |
| Restricted - capital projects (sinking fund)      | 535,446                            |
| Unrestricted                                      | 1,264,635                          |
| <b>TOTAL NET ASSETS (DEFICIT)</b>                 | <b>(11,291,917)</b>                |
| <b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b> | <b>\$ 66,443,372</b>               |

**HASLETT PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

| Functions/programs                             | Expenses             | Program revenues     |                     | Governmental activities                         |
|--|----------------------|----------------------|---------------------|---|
|  |                      | Charges for services | Operating grants    | Net (expense) revenue and changes in net assets |
| Governmental activities:                       |                      |                      |                     |   |
| Instruction                                    | \$ 12,641,425        | \$ 323,887           | \$ 774,127          | \$ (11,543,411)                                 |
| Support services                               | 10,181,789           | 8,125                | 238,955             | (9,934,709)                                     |
| Outgoing transfers and other transactions      | 963,240              |                      |                     | (963,240)                                       |
| Community services                             | 545,306              | 550,430              |                     | 5,124   |
| Food services                                  | 901,453              | 667,933              | 215,483             | (18,037)  |
| Athletics                                      | 591,021              | 132,738              |                     | (458,283)                                       |
| Interest on long-term debt                     | 3,110,034            |                      |                     | (3,110,034)                                     |
| Unallocated depreciation                       | 1,741,327            |                      |                     | (1,741,327)                                     |
| Total governmental activities                  | <u>\$ 30,675,595</u> | <u>\$ 1,683,113</u>  | <u>\$ 1,228,565</u> | <u>(27,763,917)</u>                             |
| General revenues:                              |                      |                      |                     |   |
| Property taxes, levied for general purposes    |                      |                      |                     | 1,796,696                                       |
| Property taxes, levied for debt service        |                      |                      |                     | 3,867,182                                       |
| Property taxes, levied for sinking fund        |                      |                      |                     | 373,310   |
| Investment earnings                            |                      |                      |                     | 180,283   |
| State sources                                  |                      |                      |                     | 18,766,066                                      |
| Ingham ISD special education allocation        |                      |                      |                     | 2,217,372                                       |
| Other  |                      |                      |                     | 309,057   |
| Total general revenues                         |                      |                      |                     | <u>27,509,966</u>                               |
| <b>CHANGE IN NET ASSETS</b>                    |                      |                      |                     | (253,951)                                       |
| <b>NET ASSETS (DEFICIT), beginning of year</b> |                      |                      |                     | <u>(11,037,966)</u>                             |
| <b>NET ASSETS (DEFICIT), end of year</b>       |                      |                      |                     | <u>\$ (11,291,917)</u>                          |

See notes to financial statements.

HASLETT PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

|                          | General<br>fund | Debt Service<br>2005<br>Refunding | Capital projects<br>2001 bond<br>fund | Other<br>nonmajor<br>governmental<br>funds | Total<br>governmental<br>funds |
|--------------------------|-----------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| ASSETS                   |                 |                                   |                                       |  |                                |
| ASSETS:                  |                 |                                   |                                       |  |                                |
| Cash                     | \$ 436,572      | \$                                | \$ 3,350                              | \$ 176,398                                 | \$ 616,320                     |
| Investments              | 2,855,208       |                                   | 2,349,952                             | 559,327                                    | 5,764,487                      |
| Receivables:             |                 |                                   |                                       |  |                                |
| Other governmental units | 3,490,807       |                                   |                                       | 5,723                                      | 3,496,530                      |
| Other                    | 68,514          | 4,322                             |                                       |  | 72,836                         |
| Due from other funds     |                 |                                   |                                       | 22,508                                     | 22,508                         |
| Inventories              | 57,111          |                                   |                                       | 8,127                                      | 65,238                         |
| Prepaid expenditures     | 57,181          |                                   |                                       |  | 57,181                         |
| TOTAL ASSETS             | \$ 6,965,393    | \$ 4,322                          | \$ 2,353,302                          | \$ 772,083                                 | \$ 10,095,100                  |

LIABILITIES AND FUND BALANCES

|                                    |           |    |            |        |            |
|------------------------------------|-----------|----|------------|--------|------------|
| LIABILITIES:                       |           |    |            |        |            |
| Accounts payable                   | \$ 95,704 | \$ | \$ 897,693 | \$ 27  | \$ 993,424 |
| Accrued interest                   | 20,354    |    |            |        | 20,354     |
| Accrued salaries and related items | 2,180,168 |    |            | 23,187 | 2,203,355  |
| Deferred revenue                   | 225,084   |    |            | 11,143 | 236,227    |
| Due to other funds                 | 22,508    |    |            |        | 22,508     |
| Due to student groups              | 396,385   |    |            |        | 396,385    |
| Note payable                       | 1,300,000 |    |            |        | 1,300,000  |
| TOTAL LIABILITIES                  | 4,240,203 |    | 897,693    | 34,357 | 5,172,253  |

|   | General<br>fund | Debt Service<br>2005<br>Refunding | Capital projects<br>2001 bond<br>fund | Other<br>nonmajor<br>governmental<br>funds | Total<br>governmental<br>funds |
|---|-----------------|-----------------------------------|---------------------------------------|--|--------------------------------|
| FUND BALANCES:                                |                 |                                   |                                       |  |                                |
| Reserved for debt service                     | \$              | \$ 4,322                          | \$                                    | \$ 200,279                                 | \$ 204,601                     |
| Reserved for prepaid expenditures             | 57,181          |                                   |                                       |  | 57,181                         |
| Reserved for inventory                        | 57,111          |                                   |                                       |  | 57,111                         |
| Designated for subsequent year's expenditures |                 |                                   | 1,455,609                             | 537,447                                    | 1,993,056                      |
| Undesignated                                  | 2,610,898       |                                   |                                       |  | 2,610,898                      |
| TOTAL FUND BALANCES                           | 2,725,190       | 4,322                             | 1,455,609                             | 737,726                                    | 4,922,847                      |
| TOTAL LIABILITIES AND FUND BALANCES           | \$ 6,965,393    | \$ 4,322                          | \$ 2,353,302                          | \$ 772,083                                 | \$ 10,095,100                  |
| TOTAL GOVERNMENTAL FUND BALANCES              |                 |                                   |                                       |  | \$ 4,922,847                   |

Amounts reported for governmental activities in the statement of net assets are different because:

|  |  |  |  |               |                 |
|--|--|--|--|---------------|-----------------|
| Capital assets used in governmental activities are not financial resources and are not reported in the funds |  |  |  |               |                 |
| The cost of the capital assets is  |  |  |  | \$ 72,103,951 |                 |
| Accumulated depreciation is  |  |  |  | (16,015,509)  | 56,088,442      |
| Unamortized deferred charges   |  |  |  |               | 165,744         |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds:       |  |  |  |               |                 |
| Bonds payable  |  |  |  |               | (71,254,166)    |
| Compensated absences   |  |  |  |               | (845,277)       |
| Accrued interest is not included as a liability in government funds, it is recorded when paid                |  |  |  |               | (486,101)       |
| Deferred revenue expected to be collected after September 1, 2004:   |  |  |  |               |                 |
| IISD   |  |  |  |               | 62,270          |
| Property taxes at June 30, 2005  |  |  |  |               | 54,324          |
| Net assets (deficit) of governmental activities  |  |  |  |               | \$ (11,291,917) |



HASLETT PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005

|   | General<br>fund | Debt<br>service<br>2005<br>refunding | Capital<br>projects<br>2001 bond<br>fund | Other<br>nonmajor<br>governmental<br>funds | Total<br>governmental<br>funds |
|---|-----------------|--------------------------------------|--|--|--------------------------------|
| <b>REVENUES:</b>                          |                 |                                      |  |  |                                |
| Local sources:                            |                 |                                      |  |  |                                |
| Property taxes                            | \$ 1,789,613    | \$                                   | \$                                       | \$ 4,240,490                               | \$ 6,030,103                   |
| Community services and tuition            | 824,072         |                                      |  |  | 824,072                        |
| Investment income                         | 45,781          |                                      | 100,450                                  | 34,052                                     | 180,283                        |
| Other                                     | 328,237         |                                      |  | 817,332                                    | 1,145,569                      |
| Total local sources                       | 2,987,703       |                                      | 100,450                                  | 5,091,874                                  | 8,180,027                      |
| State sources                             | 19,136,075      |                                      |  | 36,293                                     | 19,172,368                     |
| Federal sources                           | 665,601         |                                      |  | 179,190                                    | 844,791                        |
| Incoming transfers and other transactions | 2,210,679       |                                      |  |  | 2,210,679                      |
| Total revenues                            | 25,000,058      |                                      | 100,450                                  | 5,307,357                                  | 30,407,865                     |

|                               |            |  |  |  |            |
|-------------------------------|------------|--|--|--|------------|
| <b>EXPENDITURES:</b>          |            |  |  |  |            |
| Current:                      |            |  |  |  |            |
| Instruction:                  |            |  |  |  |            |
| Basic programs                | 10,763,341 |  |  |  | 10,763,341 |
| Added needs                   | 1,566,848  |  |  |  | 1,566,848  |
| Adult and community education | 314,802    |  |  |  | 314,802    |
| Total instruction             | 12,644,991 |  |  |  | 12,644,991 |
| Support services:             |            |  |  |  |            |
| Pupil                         | 2,019,775  |  |  |  | 2,019,775  |
| Instructional staff           | 1,358,062  |  |  |  | 1,358,062  |
| General administration        | 713,141    |  |  |  | 713,141    |
| School administration         | 1,563,546  |  |  |  | 1,563,546  |
| Business                      | 485,983    |  |  |  | 485,983    |
| Operations and maintenance    | 2,584,444  |  |  |  | 2,584,444  |
| Transportation                | 917,126    |  |  |  | 917,126    |
| Central                       | 534,103    |  |  |  | 534,103    |
| Other                         | 81,384     |  |  |  | 81,384     |
| Total support services        | 10,257,564 |  |  |  | 10,257,564 |

|                                  | General<br>fund | Debt<br>service<br>2005<br>refunding | Capital<br>projects<br>2001 bond<br>fund | Other<br>nonmajor<br>governmental<br>funds | Total<br>governmental<br>funds |
|----------------------------------|-----------------|--------------------------------------|--|--|--------------------------------|
| <b>EXPENDITURES (Concluded):</b> |                 |                                      |  |  |                                |
| Current (Concluded):             |                 |                                      |  |  |                                |
| Community services:              |                 |                                      |  |  |                                |
| Recreation                       | \$ 119,948      | \$                                   | \$                                       | \$   | \$ 119,948                     |
| Custody and care of children     | 425,358         |                                      |  |  | 425,358                        |
| Total community services         | 545,306         |                                      |  |  | 545,306                        |
| Outgoing transfers and other     | 884,080         |                                      |  |  | 884,080                        |
| Athletics                        |                 |                                      |  | 591,021                                    | 591,021                        |
| Food service                     |                 |                                      |  | 901,453                                    | 901,453                        |
| Capital outlay                   |                 |                                      | 8,443,429                                | 699,900                                    | 9,143,329                      |
| Bond issuance costs              |                 | 165,744                              |  |  | 165,744                        |
| Debt service:                    |                 |                                      |  |  |                                |
| Principal retirement             |                 |                                      |  | 2,807,000                                  | 2,807,000                      |
| Interest and fiscal charges      |                 |                                      |  | 2,962,612                                  | 2,962,612                      |
| Total expenditures               | 24,331,941      | 165,744                              | 8,443,429                                | 7,961,986                                  | 40,903,100                     |

|  |         |           |             |             |              |
|--|---------|-----------|-------------|-------------|--------------|
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | 668,117 | (165,744) | (8,342,979) | (2,654,629) | (10,495,235) |
|--|---------|-----------|-------------|-------------|--------------|

|  |           |              |  |           |              |
|--|-----------|--------------|--|-----------|--------------|
| <b>OTHER FINANCING SOURCES (USES):</b> |           |              |  |           |              |
| Proceeds from refunding debt           |           | 11,840,000   |  |           | 11,840,000   |
| Bond premium                           |           | 618,116      |  |           | 618,116      |
| Payments to escrow agent               |           | (12,288,050) |  |           | (12,288,050) |
| Proceeds from school bond loan fund    |           |              |  | 1,910,583 | 1,910,583    |
| Operating transfers in                 |           |              |  | 475,388   | 475,388      |
| Operating transfers out                | (475,388) |              |  |           | (475,388)    |
| Total other financing sources (uses)   | (475,388) | 170,066      |  | 2,385,971 | 2,080,649    |

|                                    |         |       |             |           |             |
|------------------------------------|---------|-------|-------------|-----------|-------------|
| <b>NET CHANGE IN FUND BALANCES</b> | 192,729 | 4,322 | (8,342,979) | (268,658) | (8,414,586) |
|------------------------------------|---------|-------|-------------|-----------|-------------|

|                       |              |          |              |            |              |
|-----------------------|--------------|----------|--------------|------------|--------------|
| <b>FUND BALANCES:</b> |              |          |              |            |              |
| Beginning of year     | 2,532,461    |          | 9,798,588    | 1,006,384  | 13,337,433   |
| End of year           | \$ 2,725,190 | \$ 4,322 | \$ 1,455,609 | \$ 737,726 | \$ 4,922,847 |

**HASLETT PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

**Net change in fund balances total governmental funds** \$(8,414,586)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities.

These costs are allocated over their estimated useful lives as depreciation.

|                                |             |
|--------------------------------|-------------|
| Depreciation expense           | (1,741,327) |
| Capital outlay                 | 9,093,429   |
| Proceeds from assets sold      | (4,418)     |
| Loss on sale of capital assets | 502         |

Accrued interest on bonds is recorded in the statement of activities

when incurred; it is not recorded in governmental funds until it is paid:

|   |           |
|---|-----------|
| Accrued interest payable, beginning of the year | 524,713   |
| Accrued interest payable, end of the year       | (486,101) |

Proceeds and repayments of principal on long-term debt are other financing sources and expenditures in the governmental funds, but not in the statement of activities (where they are additions and reductions of liabilities)

|  |              |
|--|--------------|
| Principal repayment and payment of interest on school bond loan fund | 14,282,000   |
| Proceed from debt refunding  | (11,840,000) |
| Proceed from school bond loan fund                                   | (1,910,583)  |
| Premiums on debt issuance  | (618,116)    |
| Bond issuance costs  | 165,744      |
| Long-term interest on school bond loan fund (accrued)                | (88,474)     |
| Long-term appreciation on capital appreciation bond (accrued)        | (97,559)     |
| Deferred amount on bond refunding                                    | 813,050      |

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

|   |          |
|---|----------|
| Deferred revenue, beginning of the year | (98,398) |
| Deferred revenue, end of the year       | 116,594  |

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

|  |                  |
|--|------------------|
| Accrued compensated absences and severance benefits, beginning of the year | 894,856          |
| Accrued compensated absences and severance benefits, end of the year       | <u>(845,277)</u> |

**Change in net assets of governmental activities** \$ (253,951)

**HASLETT PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2005**

|                       | <u>Agency<br/>funds</u> |
|-----------------------|-------------------------|
| <b>ASSETS</b>         |                         |
| Due from general fund | <u>\$ 396,385</u>       |
| <b>LIABILITIES</b>    |                         |
| Due to student groups | <u>\$ 396,385</u>       |

## **HASLETT PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Haslett Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **A. Reporting Entity**

The Haslett Public Schools (the "District") is governed by the Haslett Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements No. 14 and No. 39.

#### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (Continued)**

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, investment income and other revenue). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2005 refunding debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2001 capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (Concluded)**

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

The following is a summary of the revenue and expenditures for the 2001 capital projects bond activity since inception:

|                                     | <u>2001 Bond</u>     |
|-------------------------------------|----------------------|
| Revenue and other financing sources | <u>\$ 30,052,084</u> |
| Expenditures and transfers          | <u>\$ 28,596,475</u> |

The above revenue amount includes net bond proceeds of \$27,899,987.

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *debt service funds* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

The *capital projects sinking fund* accounts for the receipt of sinking fund millage proceeds and the acquisition of fixed assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 relating to sinking funds.

**Fiduciary funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2005, the foundation allowance was based on pupil membership counts taken in February and September of 2004.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)**

**State Revenue (Concluded)**

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2004 to August 2005. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

**D. Other Accounting Policies**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.



**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

2. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2005, the District levied the following amounts per \$1,000 of assessed valuation:

| <u>Fund</u>                                     | <u>Mills</u> |
|---|--------------|
| General Fund - Non-homestead                    | 18.0000      |
| Debt service fund - Homestead and non-homestead | 8.3300       |
| Sinking fund - Homestead and non-homestead      | 0.7999       |

3. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

|                               |              |
|-------------------------------|--------------|
| Buildings and additions       | 50 years     |
| Furniture and other equipment | 5 – 20 years |

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

The District's contracts generally provide for granting vacation and sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**D. Other Accounting Policies (Concluded)**

8. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. The Superintendent of Business is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2005. The District does not consider these amendments to be significant.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS - CREDIT RISK**

As of June 30, 2005, the District had the following investments.

| <b>Investment Type</b>               | <b>Fair value</b> | <b>Weighted<br/>average<br/>maturity<br/>(years)</b> | <b>Standard<br/>&amp; Poor's<br/>Rating</b> | <b>%</b>    |
|--------------------------------------|-------------------|--|---|-------------|
| MBIA - pooled short term investments | <u>\$ 739,302</u> | <u>0.0027</u>  | (1)   | <u>100%</u> |
| Portfolio weighted average maturity  |                   | <u>0.0027</u>  |   |             |

1 day maturity equals 0.0027, one year equals 1.00

(1) The pooled short term investment fund is not rated, however MBIA as a whole is rated AAA.

The District voluntarily invests certain excess funds in pooled short term investment funds which included money market funds. One of the pooled investment funds utilized by the District is MBIA. MBIA is an external pooled investment fund of “qualified” investments for Michigan school districts. MBIA is not regulated nor is it registered with the SEC. MBIA reports as of June 30, 2005, the fair value of the District’s investments is the same as the value of the pool shares.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District’s cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2005, \$5,822,035 of the District's bank balance of \$6,022,035 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS - CREDIT RISK (Continued)**

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously reported in Note 3:

|                            |                            |
|----------------------------|----------------------------|
| Deposits - carrying amount | \$ 5,641,505               |
| Investments                | <u>739,302</u>             |
|                            | <u><u>\$ 6,380,807</u></u> |

The above amounts are reported in the financial statements as follows:

|   |                            |
|---|----------------------------|
| Cash and cash equivalents - District wide | \$ 616,320                 |
| Investments - District wide               | <u>5,764,487</u>           |
|   | <u><u>\$ 6,380,807</u></u> |

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

|  | Balance<br>July 1,<br>2004 | Additions     | Deletions     | Balance<br>June 30,<br>2005 |
|--|----------------------------|---------------|---------------|-----------------------------|
| <b>Governmental activities:</b>            |                            |               |               |                             |
| Capital assets, not being depreciated:     |                            |               |               |                             |
| Land                                       | \$ 330,000                 | \$            | \$            | \$ 330,000                  |
| Construction in progress                   | 18,792,978                 | 9,093,429     | 19,866,642    | 8,019,765                   |
| Total capital assets not being depreciated | 19,122,978                 | 9,093,429     | 19,866,642    | 8,349,765                   |
| Capital assets, being depreciated:         |                            |               |               |                             |
| Buildings and additions                    | 36,807,580                 | 17,272,151    |               | 54,079,731                  |
| Technology                                 | 2,901,973                  | 1,042,324     |               | 3,944,297                   |
| Furniture and fixtures                     | 2,032,372                  | 1,257,802     |               | 3,290,174                   |
| Machinery and equipment                    | 906,645                    | 180,189       |               | 1,086,834                   |
| Transportation equipment                   | 1,317,286                  | 114,176       | 78,312        | 1,353,150                   |
| Total capital assets, being depreciated    | 43,965,856                 | 19,866,642    | 78,312        | 63,754,186                  |
| Accumulated depreciation:                  |                            |               |               |                             |
| Buildings and improvements                 | 9,941,535                  | 997,635       |               | 10,939,170                  |
| Technology                                 | 2,180,052                  | 406,825       |               | 2,586,877                   |
| Furniture and fixtures                     | 1,040,516                  | 120,378       |               | 1,160,894                   |
| Machinery and equipment                    | 431,781                    | 102,437       |               | 534,218                     |
| Transportation equipment                   | 754,694                    | 114,052       | 74,396        | 794,350                     |
| Total accumulated depreciation             | 14,348,578                 | 1,741,327     | 74,396        | 16,015,509                  |
| Net capital assets being depreciated       | 29,617,278                 | 18,125,315    | 3,916         | 47,738,677                  |
| Net governmental capital assets            | \$ 48,740,256              | \$ 27,218,744 | \$ 19,870,558 | \$ 56,088,442               |

Depreciation for the fiscal year ended June 30, 2005 amounted to \$1,741,327. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2005 consist of the following:

|                          |                            |
|--------------------------|----------------------------|
| Other governmental units | \$ 3,558,800               |
| Taxes                    | 54,324                     |
| Other                    | <u>72,836</u>              |
|                          | <u><u>\$ 3,685,960</u></u> |

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

**NOTE 6 - NOTE PAYABLE**

At June 30, 2005, the District has a note payable outstanding of \$1,300,000. The note has an interest rate of 1.57% and matures August 19, 2005. The note is secured by the full faith and credit of the District as well as pledged state aid.

| Balance<br>June 30, 2004 | Additions           | Payments            | Balance<br>June 30, 2005 |
|--------------------------|---------------------|---------------------|--------------------------|
| <u>\$ 1,900,000</u>      | <u>\$ 1,300,000</u> | <u>\$ 1,900,000</u> | <u>\$ 1,300,000</u>      |

**NOTE 7 - LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The Durant bonds, including interest, was issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Continued)**

Long-term debts and other obligations currently outstanding are as follows:

|  |               |
|--|---------------|
| 1996 serial bonds due in annual installments of \$310,000 to \$460,000 through May 1, 2007 with interest from 4.9% to 6.50%  | \$ 770,000    |
| 1999 refunding term bonds due in annual installments of \$35,000 to \$505,000 through May 2019 with interest from 3.70% to 4.75%   | 4,330,000     |
| 1999 refunding term bonds due in annual installments of \$455,000 to \$475,000 from May 2020 to May 2026 with an interest rate of 4.75%  | 3,260,000     |
| 2001 serial bonds due in annual installments of \$550,000 to \$800,000 through May 2013 with interest from 2.4% to 5.625%  | 5,500,000     |
| 2001 term bonds due in annual installments of \$1,775,000 to \$2,075,000 from May 2023 to May 1, 2027 with an interest rate of 5%  | 9,750,000     |
| 2002 refunding serial bonds due in annual installments of \$835,000 to \$1,490,000 through May 2016 with interest from 2.45% to 5.0%   | 12,455,000    |
| 2002 refunding term bonds due in annual installments of \$780,000 to \$820,000 from May 2017 to May 1, 2019 with an interest rate of 5.0%  | 2,400,000     |
| 2003 refunding term bonds due in annual installments of \$1,636,000 to \$2,106,000 from May 2006 through May 2014 with an interest rate of 3.318%  | 16,736,000    |
| 2005 refunding term bonds due in annual installments of \$35,000 to \$1,650,000 from May 2006 through May 2022 with interest from 3.0% to 5.0%   | 11,840,000    |
| Less: deferred amount on bond refunding  | (813,050)     |
| Plus: premium on 2005 bond issuance (net)  | 618,116       |
| Total general obligation debt  | 66,846,066    |
| Limited obligation (Durant) bonds due in annual installments of \$12,912 to \$63,023 through May 2013 with an interest rate of 4.76%. Certain future state aid payments have been pledged as security. | 170,423       |
| Total bonded debt  | 67,016,489    |
| Borrowings from the State of Michigan under the School Bond Loan Program, including interest   | 4,237,677     |
| Obligation under contract for compensated absences   | 143,476       |
| Obligation under contract for severance benefits   | 701,801       |
| Total general long-term debt   | \$ 72,099,443 |



**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Continued)**

On May 26, 2005, Haslett Public Schools issued general obligation bonds of \$11,840,000 with an interest rate ranging from 3.00% to 5.00% to advance refund bonds with an interest rate ranging from 4.3% to 5.625%. The bonds mature on November 1, 2011. The general obligation bonds were issued at a premium after paying issuance costs of \$165,744 which includes the underwriters discount, the net proceeds were \$12,288,050. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in a irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$746,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$371,000.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2005, \$50,345,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term debt outstanding as of June 30, 2005, including interest of \$30,543,751 are as follows:

| Year ending<br>June 30,              | Principal            | Interest             | Total                 |
|--------------------------------------|----------------------|----------------------|-----------------------|
| 2006                                 | \$ 4,068,912         | \$ 2,821,380         | \$ 6,890,292          |
| 2007                                 | 3,930,524            | 2,721,525            | 6,652,049             |
| 2008                                 | 3,967,171            | 2,571,297            | 6,538,468             |
| 2009                                 | 4,047,023            | 2,449,989            | 6,497,012             |
| 2010                                 | 4,042,552            | 2,280,523            | 6,323,075             |
| 2011-2015                            | 19,320,241           | 9,022,853            | 28,343,094            |
| 2016-2020                            | 12,085,000           | 5,532,645            | 17,617,645            |
| 2021-2025                            | 11,170,000           | 2,811,915            | 13,981,915            |
| 2026-2027                            | 4,580,000            | 331,624              | 4,911,624             |
| Total                                | 67,211,423           | 30,543,751           | 97,755,174            |
| Due to school bond loan fund         | 4,237,677            |                      | 4,237,677             |
| Deferred amount on bond refunding    | (813,050)            |                      | (813,050)             |
| Unamortized premium on bond issuance | 618,116              |                      | 618,116               |
| Accumulated compensated absences     | 143,476              |                      | 143,476               |
| Accumulated severance benefits       | 701,801              |                      | 701,801               |
|                                      | <u>\$ 72,099,443</u> | <u>\$ 30,543,751</u> | <u>\$ 102,643,194</u> |

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Concluded)**

An amount of \$204,601 is available in the debt service funds to service the general obligation debt.

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2005:

|                          | Compensated<br>absences<br>and<br>severance<br>benefits | General<br>obligation<br>bonds | Limited<br>obligation<br>bonds | School bond<br>loan<br>fund | Total                |
|--------------------------|---|--------------------------------|--------------------------------|-----------------------------|----------------------|
| Balance July 1, 2004     | \$ 894,856  | \$ 69,385,441                  | \$ 170,423                     | \$ 2,238,620                | \$ 72,689,340        |
| Additions                | 41,336  | 12,555,675                     |                                | 1,999,057                   | 14,596,068           |
| Deletions                | (90,915)  | (15,095,050)                   |                                |                             | (15,185,965)         |
| Balance June 30, 2005    | 845,277   | 66,846,066                     | 170,423                        | 4,237,677                   | 72,099,443           |
| Less current portion     | (70,440)  | (4,056,000)                    | (12,912)                       |                             | (4,139,352)          |
| Total due after one year | <u>\$ 774,837</u>                                       | <u>\$ 62,790,066</u>           | <u>\$ 157,511</u>              | <u>\$ 4,237,677</u>         | <u>\$ 67,960,091</u> |

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2005 are as follows:

| Receivable Fund  |                  | Payable Fund |                  |
|------------------|------------------|--------------|------------------|
| Capital projects | \$ 2,001         | General      | \$ 22,508        |
| Special revenue  | <u>20,507</u>    |              |                  |
|                  | <u>\$ 22,508</u> |              | <u>\$ 22,508</u> |

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2005 was 12.99% through September 30, 2004 and 14.87% for October 1, 2004 through June 30, 2005. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2005, 2004, and 2003 were \$2,169,697, \$1,881,870, and \$1,933,543, respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPERS Act, all retirees have the option of continuing health, dental and vision coverage.

**HASLETT PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance.

**NOTE 11 - TRANSFERS**

The general fund transferred \$458,283 to the athletic and \$17,105 to the food service funds during the current fiscal year. The transfers were to subsidize operations.

**NOTE 12 - SUBSEQUENT EVENTS**

The District has approved borrowing \$900,000 for fiscal year 2006 to replace the note payable as described in Note 6.

## **REQUIRED SUPPLEMENTARY INFORMATION**

HASLETT PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2005

|   | Original<br>budget | Final<br>budget | Actual       | Variance with<br>final budget<br>positive<br>(negative) |
|---|--------------------|-----------------|--------------|---|
| <b>REVENUES:</b>                          |                    |                 |              |   |
| Local                                     | \$ 2,904,944       | \$ 3,058,827    | \$ 2,987,703 | \$ (71,124)   |
| State sources                             | 18,998,866         | 19,159,301      | 19,136,075   | (23,226)  |
| Federal sources                           | 603,182            | 671,108         | 665,601      | (5,507)   |
| Incoming transfers and other transactions | 1,873,344          | 2,216,890       | 2,210,679    | (6,211)   |
| Total revenues                            | 24,380,336         | 25,106,126      | 25,000,058   | (106,068)   |
| <b>EXPENDITURES:</b>                      |                    |                 |              |   |
| Current:                                  |                    |                 |              |   |
| Instruction:                              |                    |                 |              |   |
| Basic programs                            | 10,802,788         | 10,763,121      | 10,763,341   | (220)   |
| Added needs                               | 1,445,995          | 1,584,600       | 1,566,848    | 17,752  |
| Adult and community education             | 372,863            | 301,785         | 314,802      | (13,017)  |
| Total instruction                         | 12,621,646         | 12,649,506      | 12,644,991   | 4,515   |
| Support services:                         |                    |                 |              |   |
| Pupil                                     | 2,067,295          | 1,991,531       | 2,019,775    | (28,244)  |
| Instructional staff                       | 1,550,497          | 1,431,969       | 1,358,062    | 73,907  |
| General administration                    | 751,049            | 739,430         | 713,141      | 26,289  |
| School administration                     | 1,518,809          | 1,587,510       | 1,563,546    | 23,964  |
| Business                                  | 541,810            | 492,188         | 485,983      | 6,205   |
| Operations and maintenance                | 2,405,261          | 2,595,252       | 2,584,444    | 10,808  |
| Transportation                            | 881,383            | 923,480         | 917,126      | 6,354   |
| Central                                   | 526,168            | 545,407         | 534,103      | 11,304  |
| Other                                     | 80,310             | 90,522          | 81,384       | 9,138   |
| Total support services                    | 10,322,582         | 10,397,289      | 10,257,564   | 139,725   |

|  | Original<br>budget  | Final<br>budget  | Actual              | Variance with<br>final budget<br>positive<br>(negative) |
|--|---------------------|------------------|---------------------|---|
| <b>EXPENDITURES (Concluded):</b>                         |                     |                  |                     |   |
| Current (Concluded):                                     |                     |                  |                     |   |
| Community services:                                      |                     |                  |                     |   |
| Recreation   | \$ 117,248          | \$ 112,521       | \$ 119,948          | \$ (7,427)  |
| Custody and care of children                             | 453,161             | 454,464          | 425,358             | 29,106  |
| Total community services                                 | 570,409             | 566,985          | 545,306             | 21,679  |
| Outgoing transfers and other                             | 865,860             | 898,567          | 884,080             | 14,487  |
| Total expenditures                                       | 24,380,497          | 24,512,347       | 24,331,941          | 180,406   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | (161)               | 593,779          | 668,117             | 74,338  |
| <b>OTHER FINANCING USES:</b>                             |                     |                  |                     |   |
| Operating transfers out                                  | (499,590)           | (503,869)        | (475,388)           | 28,481  |
| <b>NET CHANGE IN FUND BALANCE</b>                        | <u>\$ (499,751)</u> | <u>\$ 89,910</u> | 192,729             | <u>\$ 102,819</u>                                       |
| <b>FUND BALANCE:</b>                                     |                     |                  |                     |   |
| Beginning of year  |                     |                  | 2,532,461           |   |
| End of year  |                     |                  | <u>\$ 2,725,190</u> |   |

## **ADDITIONAL INFORMATION**

**HASLETT PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2005**

|  | <u>Special<br/>revenue</u> | <u>Debt<br/>service</u> | <u>Capital<br/>projects</u> | <u>Total<br/>nonmajor<br/>governmental<br/>funds</u> |
|--|----------------------------|-------------------------|-----------------------------|--|
| <b>ASSETS</b>                                  |                            |                         |                             |  |
| <b>ASSETS:</b>                                 |                            |                         |                             |  |
| Cash   | \$                         | \$ 139,978              | \$ 36,420                   | \$ 176,398   |
| Investments                                    |                            | 60,301                  | 499,026                     | 559,327  |
| Receivables:                                   |                            |                         |                             |  |
| Other governmental units                       | 5,723                      |                         |                             | 5,723  |
| Due from other funds                           | 20,507                     |                         | 2,001                       | 22,508   |
| Inventories                                    | 8,127                      |                         |                             | 8,127  |
| <b>TOTAL ASSETS</b>                            | <u>\$ 34,357</u>           | <u>\$ 200,279</u>       | <u>\$ 537,447</u>           | <u>\$ 772,083</u>                                    |
| <b>LIABILITIES AND FUND BALANCES</b>           |                            |                         |                             |  |
| <b>LIABILITIES:</b>                            |                            |                         |                             |  |
| Accounts payable                               | \$ 27                      | \$                      | \$                          | \$ 27  |
| Accrued salaries and related items             | 23,187                     |                         |                             | 23,187   |
| Deferred revenue                               | 11,143                     |                         |                             | 11,143   |
| <b>TOTAL LIABILITIES</b>                       | <u>34,357</u>              |                         |                             | <u>34,357</u>  |
| <b>FUND BALANCES:</b>                          |                            |                         |                             |  |
| Reserved for debt service                      |                            | 200,279                 |                             | 200,279  |
| Designated for subsequent year's expenditures  |                            |                         | 537,447                     | 537,447  |
| <b>TOTAL FUND BALANCES</b>                     |                            | <u>200,279</u>          | <u>537,447</u>              | <u>737,726</u>                                       |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <u>\$ 34,357</u>           | <u>\$ 200,279</u>       | <u>\$ 537,447</u>           | <u>\$ 772,083</u>                                    |



**HASLETT PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2005**

|  | <u>Special<br/>revenue</u> | <u>Debt<br/>service</u> | <u>Capital<br/>projects</u> | <u>Total<br/>nonmajor<br/>governmental<br/>funds</u> |
|--|----------------------------|-------------------------|-----------------------------|--|
| <b>REVENUES:</b>   |                            |                         |                             |  |
| Local sources:   |                            |                         |                             |  |
| Property taxes   | \$                         | \$3,867,180             | \$ 373,310                  | \$ 4,240,490   |
| Investment income  |                            | 21,664                  | 12,388                      | 34,052   |
| Other  | 800,671                    | 15,188                  | 1,473                       | 817,332  |
| Total local sources  | 800,671                    | 3,904,032               | 387,171                     | 5,091,874  |
| State sources  | 36,293                     |                         |                             | 36,293   |
| Federal sources  | 179,190                    |                         |                             | 179,190  |
| Total revenues   | 1,016,154                  | 3,904,032               | 387,171                     | 5,307,357  |
| <b>EXPENDITURES:</b>   |                            |                         |                             |  |
| Current :  |                            |                         |                             |  |
| Athletics  | 591,021                    |                         |                             | 591,021  |
| Food service   | 901,453                    |                         |                             | 901,453  |
| Capital outlay   |                            |                         | 699,900                     | 699,900  |
| Debt service:  |                            |                         |                             |  |
| Principal retirement   |                            | 2,807,000               |                             | 2,807,000  |
| Interest and fiscal charges                                  |                            | 2,962,612               |                             | 2,962,612  |
| Total expenditures   | 1,492,474                  | 5,769,612               | 699,900                     | 7,961,986  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | (476,320)                  | (1,865,580)             | (312,729)                   | (2,654,629)  |
| <b>OTHER FINANCING SOURCES:</b>                              |                            |                         |                             |  |
| Proceeds from school bond loan fund                          |                            | 1,910,583               |                             | 1,910,583  |
| Operating transfers in                                       | 475,388                    |                         |                             | 475,388  |
| Total other financing sources                                | 475,388                    | 1,910,583               |                             | 2,385,971  |
| <b>NET CHANGE IN FUND BALANCES</b>                           | (932)                      | 45,003                  | (312,729)                   | (268,658)  |
| <b>FUND BALANCES:</b>  |                            |                         |                             |  |
| Beginning of year  | 932                        | 155,276                 | 850,176                     | 1,006,384  |
| End of year  | \$                         | \$ 200,279              | \$ 537,447                  | \$ 737,726   |

**HASLETT PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2005  
(with comparative totals for June 30, 2004)**

|  | <b>Food<br/>service<br/>fund</b> | <b>Athletics<br/>fund</b> | <b>Total</b>     |                  |
|--|----------------------------------|---------------------------|------------------|------------------|
|  |                                  |                           | <b>2005</b>      | <b>2004</b>      |
| <b>ASSETS</b>                                  |                                  |                           |                  |                  |
| Accounts receivable - other governmental units | \$ 5,723                         | \$                        | \$ 5,723         | \$ 5,630         |
| Inventory - food service                       | 8,127                            |                           | 8,127            | 7,550            |
| Due from general fund                          | 9,778                            | 10,729                    | 20,507           | 16,117           |
|  | <u>9,778</u>                     | <u>10,729</u>             | <u>20,507</u>    | <u>16,117</u>    |
| <b>TOTAL ASSETS</b>                            | <u>\$ 23,628</u>                 | <u>\$10,729</u>           | <u>\$ 34,357</u> | <u>\$ 29,297</u> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                  |                           |                  |                  |
| Liabilities:                                   |                                  |                           |                  |                  |
| Accounts payable                               | \$ 27                            | \$                        | \$ 27            | \$ 299           |
| Accrued salaries and related items             | 12,458                           | 10,729                    | 23,187           | 21,508           |
| Deferred revenue                               | 11,143                           |                           | 11,143           | 6,558            |
|  | <u>11,143</u>                    | <u>10,729</u>             | <u>11,143</u>    | <u>6,558</u>     |
| Total liabilities                              | 23,628                           | 10,729                    | 34,357           | 28,365           |
| Fund balances                                  |                                  |                           |                  | 932              |
|  | <u>932</u>                       | <u>932</u>                | <u>932</u>       | <u>932</u>       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>     | <u>\$ 23,628</u>                 | <u>\$10,729</u>           | <u>\$ 34,357</u> | <u>\$ 29,297</u> |

**HASLETT PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2005  
(with comparative totals for the year ended June 30, 2004)**

|  | <b>Food<br/>service<br/>fund</b> | <b>Athletics<br/>fund</b> | <b>Total</b> |             |
|--|----------------------------------|---------------------------|--------------|-------------|
|  |                                  |                           | <b>2005</b>  | <b>2004</b> |
| <b>REVENUES:</b>   |                                  |                           |              |             |
| Sale of lunches and milk                                     | \$ 667,933                       | \$                        | \$ 667,933   | \$ 603,412  |
| Federal aid  | 179,190                          |                           | 179,190      | 163,119     |
| State aid  | 36,293                           |                           | 36,293       | 30,748      |
| Miscellaneous  |                                  |                           |              | 14,972      |
| Athletic events  |                                  | 132,738                   | 132,738      | 143,387     |
|  |                                  |                           |              |             |
| Total revenues   | 883,416                          | 132,738                   | 1,016,154    | 955,638     |
|  |                                  |                           |              |             |
| <b>EXPENDITURES:</b>   |                                  |                           |              |             |
| Salaries and wages   | 268,945                          | 370,579                   | 639,524      | 596,498     |
| Employee benefits  | 149,772                          | 105,874                   | 255,646      | 211,782     |
| Supplies and other expenses                                  | 12,200                           | 84,696                    | 96,896       | 96,828      |
| Food costs   | 412,933                          |                           | 412,933      | 365,506     |
| Capital outlay   | 9,526                            | 29,872                    | 39,398       | 83,105      |
| Indirect costs   | 48,077                           |                           | 48,077       | 46,948      |
|  |                                  |                           |              |             |
| Total expenditures   | 901,453                          | 591,021                   | 1,492,474    | 1,400,667   |
|  |                                  |                           |              |             |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | (18,037)                         | (458,283)                 | (476,320)    | (445,029)   |
|  |                                  |                           |              |             |
| <b>OTHER FINANCING SOURCES:</b>                              |                                  |                           |              |             |
| Operating transfer in from general fund                      | 17,105                           | 458,283                   | 475,388      | 438,213     |
|  |                                  |                           |              |             |
| <b>NET CHANGE IN FUND BALANCES</b>                           | (932)                            |                           | (932)        | (6,816)     |
|  |                                  |                           |              |             |
| <b>FUND BALANCES, beginning of year</b>                      | 932                              |                           | 932          | 7,748       |
|  |                                  |                           |              |             |
| <b>FUND BALANCES, end of year</b>                            | \$                               | \$                        | \$           | \$ 932      |

**HASLETT PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2005  
(with comparative totals for June 30, 2004)**

|                            | <b>Nonmajor funds</b>   |                         |                         |                         |                         |                         |                          |                           | <b>Totals</b>            |                          |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>              | <b>1990</b>             | <b>1996</b>             | <b>1999</b>             | <b>2001</b>             | <b>2002</b>             | <b>2003</b>             | <b>Total</b>             | <b>2005<br/>Refunding</b> | <b>2005</b>              | <b>2004</b>              |
| Cash                       | \$ 53,731               | \$ 11,162               | \$ 13,206               | \$ 21,017               | \$ 31,682               | \$ 9,180                | \$ 139,978               | \$                        | \$ 139,978               | \$ 142,292               |
| Investments                | 26,594                  | 2,457                   | 2,798                   | 2,313                   | 24,197                  | 1,942                   | 60,301                   |                           | 60,301                   | 12,984                   |
| Accounts receivable        |                         |                         |                         |                         |                         |                         |                          | 4,322                     | 4,322                    |                          |
| <b>TOTAL ASSETS</b>        | <u><u>\$ 80,325</u></u> | <u><u>\$ 13,619</u></u> | <u><u>\$ 16,004</u></u> | <u><u>\$ 23,330</u></u> | <u><u>\$ 55,879</u></u> | <u><u>\$ 11,122</u></u> | <u><u>\$ 200,279</u></u> | <u><u>\$ 4,322</u></u>    | <u><u>\$ 204,601</u></u> | <u><u>\$ 155,276</u></u> |
| <b>FUND BALANCES</b>       |                         |                         |                         |                         |                         |                         |                          |                           |                          |                          |
| Fund balances:             |                         |                         |                         |                         |                         |                         |                          |                           |                          |                          |
| Reserved for debt service  | <u><u>\$ 80,325</u></u> | <u><u>\$ 13,619</u></u> | <u><u>\$ 16,004</u></u> | <u><u>\$ 23,330</u></u> | <u><u>\$ 55,879</u></u> | <u><u>\$ 11,122</u></u> | <u><u>\$ 200,279</u></u> | <u><u>\$ 4,322</u></u>    | <u><u>\$ 204,601</u></u> | <u><u>\$ 155,276</u></u> |
| <b>TOTAL FUND BALANCES</b> | <u><u>\$ 80,325</u></u> | <u><u>\$ 13,619</u></u> | <u><u>\$ 16,004</u></u> | <u><u>\$ 23,330</u></u> | <u><u>\$ 55,879</u></u> | <u><u>\$ 11,122</u></u> | <u><u>\$ 200,279</u></u> | <u><u>\$ 4,322</u></u>    | <u><u>\$ 204,601</u></u> | <u><u>\$ 155,276</u></u> |

**HASLETT PUBLIC SCHOOLS**  
**DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2005**  
**(with comparative totals for the year ended June 30, 2004)**

|  | Nonmajor funds |            |            |             |              |            |              |                   | Totals       |              |
|--|----------------|------------|------------|-------------|--------------|------------|--------------|-------------------|--------------|--------------|
|  | 1990           | 1996       | 1999       | 2001        | 2002         | 2003       | Total        | 2005<br>Refunding | 2005         | 2004         |
| <b>REVENUES:</b>   |                |            |            |             |              |            |              |                   |              |              |
| Local sources:   |                |            |            |             |              |            |              |                   |              |              |
| Current taxes  | \$ 1,424,982   | \$ 362,075 | \$ 427,064 | \$ 325,201  | \$ 1,021,240 | \$ 306,618 | \$ 3,867,180 | \$                | \$ 3,867,180 | \$ 3,688,916 |
| Other  | 9,055          | 2,843      | 2,998      | (8,174)     | 8,120        | 346        | 15,188       |                   | 15,188       | 34,060       |
| Interest on investments                                      | 10,270         | 2,455      | 1,400      | 1,142       | 4,562        | 1,835      | 21,664       |                   | 21,664       | 8,682        |
| Total revenues   | 1,444,307      | 367,373    | 431,462    | 318,169     | 1,033,922    | 308,799    | 3,904,032    |                   | 3,904,032    | 3,731,658    |
| <b>EXPENDITURES:</b>   |                |            |            |             |              |            |              |                   |              |              |
| Redemption of bonds  | 1,410,000      | 310,000    | 85,000     | 425,000     | 370,000      | 207,000    | 2,807,000    |                   | 2,807,000    | 16,114,011   |
| Interest on bonds  |                | 65,162     | 353,268    | 1,323,631   | 656,930      | 562,169    | 2,961,160    |                   | 2,961,160    | 6,612,959    |
| Bond issuance costs  |                |            |            |             |              |            |              | 165,744           | 165,744      |              |
| Other debt retirement expenses                               | 500            | 527        |            |             | 425          |            | 1,452        |                   | 1,452        | 18,249       |
| Total expenditures   | 1,410,500      | 375,689    | 438,268    | 1,748,631   | 1,027,355    | 769,169    | 5,769,612    | 165,744           | 5,935,356    | 22,745,219   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                |            |            |             |              |            |              |                   |              |              |
|  | 33,807         | (8,316)    | (6,806)    | (1,430,462) | 6,567        | (460,370)  | (1,865,580)  | (165,744)         | (2,031,324)  | (19,013,561) |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                |            |            |             |              |            |              |                   |              |              |
| Proceeds from refunding debt                                 |                |            |            |             |              |            |              | 11,840,000        | 11,840,000   | 17,160,780   |
| Bond premium   |                |            |            |             |              |            |              | 618,116           | 618,116      |              |
| Payments to escrow agent                                     |                |            |            |             |              |            |              | (12,288,050)      | (12,288,050) |              |
| Proceeds from school bond loan fund                          |                | 6,000      | 5,000      | 1,429,583   |              | 470,000    | 1,910,583    |                   | 1,910,583    | 1,833,000    |
| Total other financing sources                                |                | 6,000      | 5,000      | 1,429,583   |              | 470,000    | 1,910,583    | 170,066           | 2,080,649    | 18,993,780   |
| <b>NET CHANGE IN FUND BALANCES</b>                           |                |            |            |             |              |            |              |                   |              |              |
|  | 33,807         | (2,316)    | (1,806)    | (879)       | 6,567        | 9,630      | 45,003       | 4,322             | 49,325       | (19,781)     |
| <b>FUND BALANCES, beginning of year</b>                      |                |            |            |             |              |            |              |                   |              |              |
|  | 46,518         | 15,935     | 17,810     | 24,209      | 49,312       | 1,492      | 155,276      |                   | 155,276      | 175,057      |
| <b>FUND BALANCES, end of year</b>                            |                |            |            |             |              |            |              |                   |              |              |
|  | \$ 80,325      | \$ 13,619  | \$ 16,004  | \$ 23,330   | \$ 55,879    | \$ 11,122  | \$ 200,279   | \$ 4,322          | \$ 204,601   | \$ 155,276   |

**HASLETT PUBLIC SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2005**

|   | <u>General</u>  | <u>Sinking<br/>fund</u> | <u>Totals</u>     |
|---|-----------------|-------------------------|-------------------|
| <b>ASSETS</b>                                   |                 |                         |                   |
| Cash  | \$              | \$ 36,420               | \$ 36,420         |
| Investments                                     |                 | 499,026                 | 499,026           |
| Due from general fund                           | <u>2,001</u>    |                         | <u>2,001</u>      |
|   | <u>\$ 2,001</u> | <u>\$ 535,446</u>       | <u>\$ 537,447</u> |
| <br>Fund balances:                              |                 |                         |                   |
| Unreserved                                      |                 |                         |                   |
| Designated for subsequent<br>years expenditures | <u>\$ 2,001</u> | <u>\$ 535,446</u>       | <u>\$ 537,447</u> |

**HASLETT PUBLIC SCHOOLS  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2005**

|   | <u>General</u>  | <u>Sinking<br/>fund</u> | <u>Totals</u>     |
|---|-----------------|-------------------------|-------------------|
| <b>REVENUES:</b>                        |                 |                         |                   |
| Current taxes                           | \$              | \$ 373,310              | \$ 373,310        |
| Other                                   |                 | 1,473                   | 1,473             |
| Interest on investments                 |                 | 12,388                  | 12,388            |
|   |                 | <hr/>                   | <hr/>             |
| Total revenues                          |                 | 387,171                 | 387,171           |
| <b>EXPENDITURES:</b>                    |                 |                         |                   |
| Capital outlay                          |                 | 699,900                 | 699,900           |
|   |                 | <hr/>                   | <hr/>             |
| <b>NET CHANGE IN FUND BALANCES</b>      |                 | (312,729)               | (312,729)         |
| <b>FUND BALANCES, beginning of year</b> | 2,001           | 848,175                 | 850,176           |
|   | <hr/>           | <hr/>                   | <hr/>             |
| <b>FUND BALANCES, end of year</b>       | <u>\$ 2,001</u> | <u>\$ 535,446</u>       | <u>\$ 537,447</u> |

**HASLETT PUBLIC SCHOOLS  
AGENCY FUNDS  
(INTERNAL FUNDS)  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND LIABILITIES BY ACTIVITY  
YEAR ENDED JUNE 30, 2005**

|                              | Balance<br>July 1, 2004 | Additions | Deductions | Balance<br>June 30, 2005 |
|------------------------------|-------------------------|-----------|------------|--------------------------|
| Class of 1997                | \$ 3,053                | \$ -      | \$ -       | \$ 3,053                 |
| Class of 2001                | 2,522                   |           | 2,522      |                          |
| Class of 2003                | 1,511                   |           | 1,511      |                          |
| Class of 2004                | 574                     |           |            | 574                      |
| Class of 2005                | 5,726                   | 1,300     | 5,649      | 1,377                    |
| Class of 2006                | 4,528                   | 26,273    | 20,466     | 10,335                   |
| Class of 2007                |                         | 6,571     | 4,037      | 2,534                    |
| Class of 2008                |                         | 1,942     | 1,381      | 561                      |
| <b>Athletic Boosters:</b>    |                         |           |            |                          |
| Baseball Boosters            | 808                     | 1,613     | 1,768      | 653                      |
| Basketball Booster - Girls   | 547                     | 6,139     | 6,406      | 280                      |
| Basketball Booster - Boys    | 3,017                   | 10,137    | 11,527     | 1,627                    |
| Cross Country Boosters       | 504                     | 421       |            | 925                      |
| Cheerleading Boosters        |                         | 103       | 103        |                          |
| Football Boosters            | 2,589                   | 3,248     | 4,501      | 1,336                    |
| Golf Boosters - Girls        | 280                     | 103       |            | 383                      |
| Soccer Boosters - Boys       | 1,830                   |           |            | 1,830                    |
| Soccer Boosters - Girls      |                         | 546       |            | 546                      |
| Softball Boosters - Girls    | 1,015                   | 3,200     | 4,111      | 104                      |
| Swimming Boosters - Boys     | 676                     | 435       |            | 1,111                    |
| Swimming Boosters - Girls    | 1,561                   | 1,039     | 644        | 1,956                    |
| Tennis Boosters - Girls      | 150                     | 100       |            | 250                      |
| Track Boosters - Boys        | 1,814                   |           | 306        | 1,508                    |
| Volleyball Boosters - Girls  | 267                     | 503       | 307        | 463                      |
| <b>High School:</b>          |                         |           |            |                          |
| Band                         | 30                      | 392       | 225        | 197                      |
| Baseball camp                |                         | 645       |            | 645                      |
| Basic Classroom-Angell       |                         | 1,675     | 420        | 1,255                    |
| Basketball                   | 12                      |           |            | 12                       |
| Belnap Memorial Fund         | 780                     |           | 221        | 559                      |
| Bowling                      |                         | 721       | 545        | 176                      |
| M Bray Memorial Fund         | 1,790                   |           |            | 1,790                    |
| Cheerleaders                 | 1,741                   | 9,029     | 7,939      | 2,831                    |
| Class of 91 scholarship fund | 8,777                   |           | 1,000      | 7,777                    |
| Close-up                     | 18                      |           |            | 18                       |



**HASLETT PUBLIC SCHOOLS  
AGENCY FUNDS  
(INTERNAL FUNDS)  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND LIABILITIES BY ACTIVITY  
YEAR ENDED JUNE 30, 2005**

|                                 | Balance<br>July 1, 2004 | Additions | Deductions | Balance<br>June 30, 2005 |
|---------------------------------|-------------------------|-----------|------------|--------------------------|
| <b>High School (Continued):</b> |                         |           |            |                          |
| College testing                 | \$ 2,280                | \$ 13,363 | \$ 14,338  | \$ 1,305                 |
| Community of Caring             | 83                      |           |            | 83                       |
| Cooperative                     | 72                      |           | 72         |                          |
| Cross Country Camp              | 2,701                   | 4,309     | 3,874      | 3,136                    |
| Diversity is Good               |                         | 594       | 539        | 55                       |
| Dixit                           | 20,341                  | 43,415    | 56,609     | 7,147                    |
| Drama                           | 3,524                   | 1,328     | 1,679      | 3,173                    |
| Drama/musical                   | 1,932                   | 23,961    | 25,893     |                          |
| Driver Ed textbooks             | 3,985                   | 300       |            | 4,285                    |
| English                         | 46                      | 2,001     | 46         | 2,001                    |
| Fees and fines                  | 2,881                   | 3,802     | 5,399      | 1,284                    |
| Fitness room                    |                         | 219       | 219        |                          |
| Football preseason camp         | 1,294                   | 5,509     | 4,183      | 2,620                    |
| Flower Fund                     | 183                     | 260       | 272        | 171                      |
| Forensics                       | 225                     |           | 225        |                          |
| French                          | 2,304                   | 656       | 1,403      | 1,557                    |
| Fund raiser                     | 15,378                  | 7,110     | 14,401     | 8,087                    |
| V Hoisington Music Fund         | 35,195                  | 500       | 4,920      | 30,775                   |
| Hockey                          | 44                      | 3,699     | 946        | 2,797                    |
| Honor society                   | 3,368                   | 2,148     | 1,439      | 4,077                    |
| Invitational boys               | 9,788                   | 17,959    | 16,501     | 11,246                   |
| Invitational girls              | 9,526                   | 6,923     | 9,420      | 7,029                    |
| Key club                        | 110                     | 1,213     | 311        | 1,012                    |
| Math department                 | 20                      | 75        | 15         | 80                       |
| Media Center                    |                         | 153       |            | 153                      |
| MHSAA Tourney                   | 24,589                  | 40,524    | 46,775     | 18,338                   |
| Myers Memorial                  | 355                     |           |            | 355                      |
| Newspaper                       | 717                     | 3,653     | 3,586      | 784                      |
| Notebooks - science             |                         | 1,064     | 1,064      |                          |
| Pals                            |                         | 275       | 170        | 105                      |
| Photography                     | 115                     | 649       | 764        |                          |
| Jacob Pletl Fund                |                         | 7,344     | 5,229      | 2,115                    |
| Post prom                       | 728                     | 3,592     | 4,076      | 244                      |
| Principal scholarship fund      |                         | 4,000     | 4,000      |                          |
| Proud Sponsor Books             | 1,465                   | 800       |            | 2,265                    |

**HASLETT PUBLIC SCHOOLS  
AGENCY FUNDS  
(INTERNAL FUNDS)  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND LIABILITIES BY ACTIVITY  
YEAR ENDED JUNE 30, 2005**

|                                 | Balance<br>July 1, 2004 | Additions | Deductions | Balance<br>June 30, 2005 |
|---------------------------------|-------------------------|-----------|------------|--------------------------|
| <b>High School (Concluded):</b> |                         |           |            |                          |
| Refresher                       | \$ 4,744                | \$ 7,028  | \$ 8,382   | \$ 3,390                 |
| Refresher-athletic              | 13,076                  | 4,406     | 11,205     | 6,277                    |
| Revolving                       | 315                     | 20,229    | 16,992     | 3,552                    |
| Rowan Memorial Scholarship      | 13,834                  | 906       | 390        | 14,350                   |
| Roy Swergfeger Memorial Fund    | 1,335                   |           |            | 1,335                    |
| School store                    | 14,439                  | 34,163    | 28,299     | 20,303                   |
| Science department              | 1,733                   | 7,044     | 7,216      | 1,561                    |
| Senior cap and gown             | 365                     | 4,939     | 4,887      | 417                      |
| Senior party                    | 740                     | 7,143     | 7,605      | 278                      |
| Soccer preseason camp           | 1,430                   | 8,674     | 8,866      | 1,238                    |
| Softball preseason camp         | 651                     |           |            | 651                      |
| SMART Program                   | 1,015                   | 270       | 499        | 786                      |
| Spanish                         | 4,790                   |           |            | 4,790                    |
| Spanish-Dinero                  | 97                      |           |            | 97                       |
| Sports Weightlifters            | 3,678                   | 14,315    | 17,565     | 428                      |
| State Meet Boys                 | 935                     | 2,583     | 1,343      | 2,175                    |
| State Meet Girls                | 1,788                   | 10,890    | 10,014     | 2,664                    |
| Stratford Trip                  | 645                     | 5,106     | 4,821      | 930                      |
| Student council                 | 5,291                   | 10,285    | 9,362      | 6,214                    |
| Swimming - girls                | 267                     | 6,772     | 5,916      | 1,123                    |
| Tech Club                       |                         | 868       | 176        | 692                      |
| Tuesdays with Aaron             |                         | 24,323    | 20,607     | 3,716                    |
| TV 25                           | 1,804                   | 98        | 98         | 1,804                    |
| Warner Scholarship Fund         | 557                     |           | 550        | 7                        |
| Wrestling                       | 95                      |           |            | 95                       |
| <b>Middle School:</b>           |                         |           |            |                          |
| Band                            | 898                     |           |            | 898                      |
| Book Club / Book Fair           | 42                      | 3,883     | 3,868      | 57                       |
| Choral music                    | 1,676                   |           |            | 1,676                    |
| ECO                             |                         | 1,257     | 1,257      |                          |
| 8th Grade Prime Time            | 983                     |           | 983        |                          |
| PALS                            | 281                     | 588       | 147        | 722                      |
| Pep                             | 1,216                   | 182       | 510        | 888                      |
| Proud Sponsor Books             | 417                     | 1,599     | 1,377      | 639                      |
| School fund                     | 6,947                   | 2,339     | 2,683      | 6,603                    |
| Revolving                       | 395                     | 29,593    | 29,407     | 581                      |

**HASLETT PUBLIC SCHOOLS  
AGENCY FUNDS  
(INTERNAL FUNDS)  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND LIABILITIES BY ACTIVITY  
YEAR ENDED JUNE 30, 2005**

|                                   | Balance<br>July 1, 2004 | Additions | Deductions | Balance<br>June 30, 2005 |
|-----------------------------------|-------------------------|-----------|------------|--------------------------|
| <b>Middle School (Concluded):</b> |                         |           |            |                          |
| Science Olympiad                  | \$ 28                   | \$ -      | \$ -       | \$ 28                    |
| Student council                   | 4,495                   | 2,771     | 2,324      | 4,942                    |
| Teachers                          | 327                     | 1,470     | 554        | 1,243                    |
| Theatre patrons                   | 4,684                   | 6,532     | 5,432      | 5,784                    |
| Vocational Ed                     | 483                     | 360       | 626        | 217                      |
| Yearbook                          | 290                     | 13,505    | 13,795     |                          |
| <b>Murphy:</b>                    |                         | 34,163    |            | 34,163                   |
| Book Fair                         | 4,895                   | 10,627    | 12,520     | 3,002                    |
| Donations and scholarships        | 1,657                   | 108       | 139        | 1,626                    |
| Field trips                       | 1,835                   | 28,755    | 29,544     | 1,046                    |
| MOST PTO                          | 22,184                  | 11,316    | 19,890     | 13,610                   |
| Music Boosters/ice cream social   | 1,689                   | 2,247     | 2,669      | 1,267                    |
| Proud Sponsor Books               |                         | 2,520     | 1,845      | 675                      |
| Refresher                         | 759                     | 2,425     | 396        | 2,788                    |
| Revolving                         | 6,162                   | 8,980     | 11,526     | 3,616                    |
| Student council                   | 3,068                   | 1,332     | 930        | 3,470                    |
| <b>Ralya:</b>                     |                         |           |            |                          |
| Field trips                       | 1,194                   | 24,837    | 23,364     | 2,667                    |
| Music Boosters/ice cream social   | 2,539                   | 6,829     | 7,477      | 1,891                    |
| Proud Sponsor Books               | 799                     | 2,266     | 1,634      | 1,431                    |
| PTO                               | 23,514                  | 16,205    | 17,903     | 21,816                   |
| Refresher                         | 429                     | 1,026     | 476        | 979                      |
| Revolving                         | 3,734                   | 23,229    | 20,799     | 6,164                    |
| Box Top Account                   | 2,901                   | 2,100     | 1,608      | 3,393                    |
| RIF                               | 6,719                   | 11,580    | 10,778     | 7,521                    |
| Social fund                       | 109                     | 696       | 603        | 202                      |
| Student Council                   | 921                     | 17        | 937        | 1                        |
| <b>Wilkshire:</b>                 |                         |           |            |                          |
| Activity                          | 2,747                   | 2,698     | 5,309      | 136                      |
| Box Tops                          | 1,307                   | 548       | 972        | 883                      |
| Field trip                        | 1,175                   | 5,339     | 5,678      | 836                      |
| Music Boosters/ice cream social   | 2,414                   | 1,925     | 3,722      | 617                      |
| Proud Sponsor Books               | 1,607                   | 2,719     | 2,537      | 1,789                    |
| PTO                               | 11,115                  | 17,058    | 16,118     | 12,055                   |
| Reading                           | 4,126                   | 11,936    | 11,609     | 4,453                    |
| Refresher                         | 268                     | 609       | 478        | 399                      |

**HASLETT PUBLIC SCHOOLS  
AGENCY FUNDS  
(INTERNAL FUNDS)  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND LIABILITIES BY ACTIVITY  
YEAR ENDED JUNE 30, 2005**

|                                 | Balance<br>July 1, 2004 | Additions         | Deductions        | Balance<br>June 30, 2005 |
|---------------------------------|-------------------------|-------------------|-------------------|--------------------------|
| <b>Meridian High School:</b>    |                         |                   |                   |                          |
| Book deposit                    | \$ 266                  | \$                | \$                | \$ 266                   |
| Cap and gown                    | 237                     | 1,139             | 1,116             | 260                      |
| Contributions                   |                         | 1,000             |                   | 1,000                    |
| ESL Activities / Yearbook       | 5,890                   |                   |                   | 5,890                    |
| Flower fund                     | 228                     | 52                |                   | 280                      |
| Junior Achievement              | 592                     | 312               | 304               | 600                      |
| Proud Sponsor Books             | 670                     | 800               | 1,469             | 1                        |
| Refresher                       | 6,055                   | 3,734             | 2,807             | 6,982                    |
| Scholarship                     | 9,835                   | 4,622             | 5,896             | 8,561                    |
| Senior Snack                    | 238                     |                   |                   | 238                      |
| Yearbook                        | 11                      | 1,687             | 1,634             | 64                       |
| <b>Community Education:</b>     |                         |                   |                   |                          |
| Gymnastics                      | 54                      |                   |                   | 54                       |
| Kids Conn. Activities           | 94                      |                   | 94                |                          |
| Revolving                       | 360                     |                   |                   | 360                      |
| <b>Other:</b>                   |                         |                   |                   |                          |
| Administration gift/flower fund | 6                       |                   |                   | 6                        |
| Bus garage refresher            | 693                     | 484               | 485               | 692                      |
| District beverage support       | 2,396                   |                   |                   | 2,396                    |
| Earth Day                       | 424                     | 513               | 500               | 437                      |
| Haslett Sec. Conference fund    | 670                     | 517               | 843               | 344                      |
| Admin Refreshment fund          | 80                      | 267               | 332               | 15                       |
| Rotary scholarship              |                         | 1,000             | 1,000             |                          |
| Student Assistance program      | 3,510                   |                   |                   | 3,510                    |
| Teachers Conference             | 2,619                   | 17,607            | 20,226            |                          |
| Total agency funds              | <u>\$ 430,950</u>       | <u>\$ 779,478</u> | <u>\$ 779,880</u> | <u>\$ 430,548</u>        |

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

1996 Serial bonds:

Bond issue dated November 6, 1996 for the purpose of additions and renovations to the High School, Middle School and Community Education building, renovations to the elementary schools, technology improvements, and developing and improving District sites. The maturity amount of the original issue was \$12,300,000 of which \$7,080,000 Bond \$1,685,000 was defeased upon the issuance of the 1999 and 2002 refunding bonds respectively.

| Principal due<br>May 1, | Interest due     |                  | Debt service requirement<br>for fiscal year |                   |
|-------------------------|------------------|------------------|---|-------------------|
|                         | May 1,           | November 1,      | June 30,                                    | Amount            |
| \$ 310,000              | \$ 24,831        | \$ 24,831        | 2006  | \$ 359,662        |
| 460,000                 | 14,950           | 14,950           | 2007  | 489,900           |
| <u>\$ 770,000</u>       | <u>\$ 39,781</u> | <u>\$ 39,781</u> |   | <u>\$ 849,562</u> |

The above bonds have interest rates from 4.9% to 6.5%.

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$8,250,000 Bonds issued February 1, 1999:

| Principal due<br>May 1, | Interest due        |                     | Debt service requirement<br>for fiscal year |                      |
|-------------------------|---------------------|---------------------|---|----------------------|
|                         | May 1,              | November 1,         | June 30,                                    | Amount               |
| \$ 35,000               | \$ 174,976          | \$ 174,976          | 2006  | \$ 384,952           |
| 40,000                  | 174,276             | 174,276             | 2007  | 388,552              |
| 40,000                  | 173,456             | 173,456             | 2008  | 386,912              |
| 40,000                  | 172,626             | 172,626             | 2009  | 385,252              |
| 45,000                  | 171,796             | 171,796             | 2010  | 388,592              |
| 200,000                 | 170,840             | 170,840             | 2011  | 541,680              |
| 505,000                 | 166,540             | 166,540             | 2012  | 838,080              |
| 500,000                 | 155,556             | 155,556             | 2013  | 811,112              |
| 495,000                 | 144,681             | 144,681             | 2014  | 784,362              |
| 495,000                 | 133,668             | 133,668             | 2015  | 762,336              |
| 490,000                 | 122,530             | 122,530             | 2016  | 735,060              |
| 485,000                 | 111,260             | 111,260             | 2017  | 707,520              |
| 480,000                 | 100,105             | 100,105             | 2018  | 680,210              |
| 480,000                 | 88,825              | 88,825              | 2019  | 657,650              |
| 475,000                 | 77,425              | 77,425              | 2020  | 629,850              |
| 470,000                 | 66,144              | 66,144              | 2021  | 602,288              |
| 470,000                 | 54,981              | 54,981              | 2022  | 579,962              |
| 465,000                 | 43,819              | 43,819              | 2023  | 552,638              |
| 465,000                 | 32,775              | 32,775              | 2024  | 530,550              |
| 460,000                 | 21,731              | 21,731              | 2025  | 503,462              |
| 455,000                 | 10,806              | 10,806              | 2026  | 476,612              |
| <u>\$ 7,590,000</u>     | <u>\$ 2,368,816</u> | <u>\$ 2,368,816</u> |   | <u>\$ 12,327,632</u> |

The above bonds have interest rates from 3.70% to 4.75%. The bond proceeds were used to refinance a portion of the 1996 bond issue and the remaining 1975 bond issue.

| Original<br>Issue   | Amount<br>Outstanding |
|---------------------|-----------------------|
| \$ 4,990,000        | \$ 4,330,000          |
| <u>3,260,000</u>    | <u>3,260,000</u>      |
| <u>\$ 8,250,000</u> | <u>\$ 7,590,000</u>   |

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$27,900,000 Bonds issued November 8, 2001:

| Principal due<br>May 1, | Interest due        |                     | Debt service requirement<br>for the fiscal year |                      |
|-------------------------|---------------------|---------------------|---|----------------------|
|                         | May 1,              | November 1,         | June 30,  | Amount               |
| \$ 550,000              | \$ 348,494          | \$ 348,494          | 2006  | \$ 1,246,988         |
| 675,000                 | 339,694             | 339,694             | 2007  | 1,354,388            |
| 675,000                 | 328,050             | 328,050             | 2008  | 1,331,100            |
| 675,000                 | 315,732             | 315,732             | 2009  | 1,306,464            |
| 675,000                 | 303,075             | 303,075             | 2010  | 1,281,150            |
| 725,000                 | 289,913             | 289,913             | 2011  | 1,304,826            |
| 725,000                 | 275,413             | 275,413             | 2012  | 1,275,826            |
| 800,000                 | 260,550             | 260,550             | 2013  | 1,321,100            |
|                         | 243,750             | 243,750             | 2014  | 487,500              |
|                         | 243,750             | 243,750             | 2015  | 487,500              |
|                         | 243,750             | 243,750             | 2016  | 487,500              |
|                         | 243,750             | 243,750             | 2017  | 487,500              |
|                         | 243,750             | 243,750             | 2018  | 487,500              |
|                         | 243,750             | 243,750             | 2019  | 487,500              |
|                         | 243,750             | 243,750             | 2020  | 487,500              |
|                         | 243,750             | 243,750             | 2021  | 487,500              |
|                         | 243,750             | 243,750             | 2022  | 487,500              |
| 1,775,000               | 243,750             | 243,750             | 2023  | 2,262,500            |
| 1,875,000               | 199,375             | 199,375             | 2024  | 2,273,750            |
| 1,975,000               | 152,500             | 152,500             | 2025  | 2,280,000            |
| 2,050,000               | 103,125             | 103,125             | 2026  | 2,256,250            |
| 2,075,000               | 51,875              | 51,875              | 2027  | 2,178,750            |
| <u>\$ 15,250,000</u>    | <u>\$ 5,405,296</u> | <u>\$ 5,405,296</u> |   | <u>\$ 26,060,592</u> |

The above bonds have interest rates from 2.4% to 5.625%. The bonds were issued for the purpose of erecting, furnishing and equipping an addition and or additions to existing school buildings, acquiring and installing educational technology; constructing improvements to playgrounds and athletic fields; erecting, furnishing and equipping a swimming pool as an addition to the Haslett High School; remodeling and re-equipping existing pool areas for educational purposes and developing and improving sites.

| Original<br>Amount   | Amount<br>Outstanding |
|----------------------|-----------------------|
| \$ 14,900,000        | \$ 5,500,000          |
| 3,250,000            |                       |
| <u>9,750,000</u>     | <u>9,750,000</u>      |
| <u>\$ 27,900,000</u> | <u>\$ 15,250,000</u>  |

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$16,110,000 Bonds issued February 12, 2002:

| Principal due<br>May 1, | Interest due        |                     | Debt service requirement<br>for fiscal year |                      |
|-------------------------|---------------------|---------------------|---|----------------------|
|                         | May 1,              | November 1,         | June 30,                                    | Amount               |
| \$ 1,490,000            | \$ 322,915          | \$ 322,915          | 2006  | \$ 2,135,830         |
| 1,025,000               | 297,585             | 297,585             | 2007  | 1,620,170            |
| 1,465,000               | 278,623             | 278,623             | 2008  | 2,022,246            |
| 1,440,000               | 250,055             | 250,055             | 2009  | 1,940,110            |
| 1,420,000               | 220,175             | 220,175             | 2010  | 1,860,350            |
| 1,235,000               | 190,000             | 190,000             | 2011  | 1,615,000            |
| 915,000                 | 162,830             | 162,830             | 2012  | 1,240,660            |
| 895,000                 | 142,243             | 142,243             | 2013  | 1,179,486            |
| 880,000                 | 121,658             | 121,658             | 2014  | 1,123,316            |
| 855,000                 | 100,978             | 100,978             | 2015  | 1,056,956            |
| 835,000                 | 80,458              | 80,458              | 2016  | 995,916              |
| 820,000                 | 60,000              | 60,000              | 2017  | 940,000              |
| 800,000                 | 39,500              | 39,500              | 2018  | 879,000              |
| 780,000                 | 19,500              | 19,500              | 2019  | 819,000              |
| <u>\$ 14,855,000</u>    | <u>\$ 2,286,520</u> | <u>\$ 2,286,520</u> |   | <u>\$ 19,428,040</u> |

The above bonds have interest rates from 2.45% to 5.0%. The bond proceeds were used to refinance the 1992 bond issue and a portion of 1996 bond issue.

| Original<br>amount   | Amount<br>outstanding |
|----------------------|-----------------------|
| \$ 13,710,000        | \$ 12,455,000         |
| <u>2,400,000</u>     | <u>2,400,000</u>      |
| <u>\$ 16,110,000</u> | <u>\$ 14,855,000</u>  |



**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$17,160,780 Bonds issued September 30, 2003:

| Principal due<br>May 1, | Interest due        |                     | Debt service requirement<br>for fiscal year |                      |
|-------------------------|---------------------|---------------------|---|----------------------|
|                         | May 1,              | November 1,         | June 30,                                    | Amount               |
| \$ 1,636,000            | \$ 277,650          | \$ 277,650          | 2006  | \$ 2,191,300         |
| 1,682,000               | 250,509             | 250,509             | 2007  | 2,183,018            |
| 1,738,000               | 222,605             | 222,605             | 2008  | 2,183,210            |
| 1,794,000               | 193,771             | 193,771             | 2009  | 2,181,542            |
| 1,852,000               | 164,009             | 164,009             | 2010  | 2,180,018            |
| 1,913,000               | 133,284             | 133,284             | 2011  | 2,179,568            |
| 1,975,000               | 101,547             | 101,547             | 2012  | 2,178,094            |
| 2,040,000               | 68,782              | 68,782              | 2013  | 2,177,564            |
| 2,106,000               | 34,939              | 34,939              | 2014  | 2,175,878            |
| <u>\$ 16,736,000</u>    | <u>\$ 1,447,096</u> | <u>\$ 1,447,096</u> |   | <u>\$ 19,630,192</u> |

The above bond has an interest rate of 3.318%. The bond proceeds were used to refinance existing borrowings from the Michigan School Bond Loan Program.

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$11,840,000 Bonds issued May 26, 2005:

| Principal due<br>May 1, | Interest due        |                     | Debt service requirement<br>for fiscal year |                      |
|-------------------------|---------------------|---------------------|---|----------------------|
|                         | May 1,              | November 1,         | June 30,                                    | Amount               |
| \$ 35,000               | \$ 281,363          | \$ 242,284          | 2006  | \$ 558,647           |
| 35,000                  | 280,838             | 280,838             | 2007  | 596,676              |
| 35,000                  | 280,313             | 280,313             | 2008  | 595,626              |
| 35,000                  | 279,788             | 279,788             | 2009  | 594,576              |
| 35,000                  | 279,263             | 279,263             | 2010  | 593,526              |
| 35,000                  | 278,720             | 278,720             | 2011  | 592,440              |
| 35,000                  | 278,151             | 278,151             | 2012  | 591,302              |
| 35,000                  | 277,556             | 277,556             | 2013  | 590,112              |
| 875,000                 | 276,944             | 276,944             | 2014  | 1,428,888            |
| 1,030,000               | 255,069             | 255,069             | 2015  | 1,540,138            |
| 1,100,000               | 229,319             | 229,319             | 2016  | 1,558,638            |
| 1,195,000               | 201,819             | 201,819             | 2017  | 1,598,638            |
| 1,290,000               | 171,944             | 171,944             | 2018  | 1,633,888            |
| 1,380,000               | 139,694             | 139,694             | 2019  | 1,659,388            |
| 1,475,000               | 105,194             | 105,194             | 2020  | 1,685,388            |
| 1,565,000               | 68,319              | 68,319              | 2021  | 1,701,638            |
| 1,650,000               | 35,063              | 35,063              | 2022  | 1,720,126            |
| <u>\$ 11,840,000</u>    | <u>\$ 3,719,357</u> | <u>\$ 3,680,278</u> |   | <u>\$ 19,239,635</u> |

The above bonds have interest rates from 3.0% to 5.0%. The bond proceeds were used to refinance \$11,475,000 of 2001 bond issue.

**HASLETT PUBLIC SCHOOLS  
BONDED DEBT  
JUNE 30, 2005**

\$266,756 Durant Bond – issued on November 24, 1998

| Principal due<br>May 15, | Interest due<br>May 15, | Debt service requirement<br>for fiscal year |                   |
|--------------------------|-------------------------|---|-------------------|
|                          |                         | June 30,                                    | Amount            |
| \$ 12,912                | \$ 5,821                | 2006  | \$ 18,733         |
| 13,523                   | 5,206                   | 2007  | 18,729            |
| 14,171                   | 4,562                   | 2008  | 18,733            |
| 63,023                   | 25,375                  | 2009  | 88,398            |
| 15,552                   | 3,180                   | 2010  | 18,732            |
| 16,293                   | 2,439                   | 2011  | 18,732            |
| 17,068                   | 1,664                   | 2012  | 18,732            |
| 17,881                   | 851                     | 2013  | 18,732            |
| <u>\$ 170,423</u>        | <u>\$ 49,098</u>        |   | <u>\$ 219,521</u> |

This bond is not subject to redemption prior to maturity by the District and the District hereby covenants that it will not issue any other bonds or obligations for the purpose of refunding this bond. The 4.76% interest rates payable on this bond may be adjusted in the sole discretion of the Authority provided that no interest rate shall exceed the maximum rate permitted by law and no interest rate adjustment which causes the total interest payable on this bond to increase shall be permitted.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the District (the “State Aid Payments”). The District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the District and does not constitute an indebtedness of the District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority’s depository.

**HASLETT PUBLIC SCHOOLS**  
**SCHEDULE OF BORROWINGS - STATE OF MICHIGAN**  
**SCHOOL BOND LOAN PROGRAM**  
**JUNE 30, 2005**

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Bond Loan Program. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. In September 2003, \$17,160,780 of bonds were issued specifically for repayment of existing borrowings under the Michigan School Bond Loan Fund. The borrowings from and repayments to the State under this program have been summarized as follows:

| Year ended<br>June 30, | Loan<br>proceeds    | Interest<br>expense | Loan balance<br>(net change) |
|------------------------|---------------------|---------------------|------------------------------|
| 1992                   | \$ 1,123,900        | \$ 21,833           | \$ 1,145,733                 |
| 1993                   | 994,500             | 52,458              | 1,046,958                    |
| 1994                   | 965,000             | 73,873              | 1,038,873                    |
| 1995                   | 1,010,846           | 138,840             | 1,149,686                    |
| 1996                   | 929,747             | 258,628             | 1,188,375                    |
| 1997                   | 1,235,000           | 320,769             | 1,555,769                    |
| 1998                   | 1,528,127           | 410,278             | 1,938,405                    |
| 1999                   | 1,321,000           | 485,822             | 1,806,822                    |
| 2000                   | 1,087,000           | 570,656             | 1,657,656                    |
| 2001                   | 884,111             | 625,588             | 1,509,699                    |
| 2002                   | 838,000             | 597,304             | 1,435,304                    |
| 2003                   | 1,404,000           | 542,669             | 1,946,669                    |
| 2004                   | 1,833,000           | 146,451             | 1,979,451                    |
| 2004 loan repayment    | (13,321,231)        | (3,839,549)         | (17,160,780)                 |
| 2005                   | 1,910,583           | 88,474              | 1,999,057                    |
| Totals June 30, 2005   | <u>\$ 3,743,583</u> | <u>\$ 494,094</u>   | <u>\$ 4,237,677</u>          |

**HASLETT PUBLIC SCHOOLS**  
**ADDITIONAL REPORTS REQUIRED BY**  
**OMB CIRCULAR A-133**  
**YEAR ENDED JUNE 30, 2005**

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David M. Raack  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Dedyne

Timothy H. Adams  
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Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

August 5, 2005

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools as of and for the year ended June 30, 2005, which collectively comprise Haslett Public Schools' basic financial statements and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Haslett Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haslett Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Education  
Haslett Public Schools

August 5, 2005

We noted certain matters that we reported to the management of Haslett Public School in a separate letter dated August 5, 2005.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mamey Costeniser & Ellis, P.C.*

Certified Public Accountants





Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
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Walter P. Maner, Jr. (1921-2004)  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

August 5, 2005

Compliance

We have audited the compliance of Haslett Public Schools with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Haslett Public Schools' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Haslett Public Schools' management. Our responsibility is to express an opinion on Haslett Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Haslett Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Haslett Public Schools' compliance with those requirements.

In our opinion, Haslett Public Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

August 5, 2005

### Internal Control Over Compliance

The management of Haslett Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Haslett Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools as of and for the year ended June 30, 2005, and have issued our report thereon dated August 5, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Haslett Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mama, Costinisan & Ellis, P.C.*

Certified Public Accountants

**HASLETT PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

| Federal grantor/pass-through grantor/<br>program title | Federal<br>CFDA<br>number | Pass-<br>through<br>grantor's<br>number | Award<br>amount                      | Accrued<br>(deferred)<br>revenue<br>7/1/2004 | Prior years<br>expenditures<br>(memorandum<br>only) | Current<br>year<br>receipts         | Current<br>year<br>expenditures     | Accrued<br>(deferred)<br>revenue<br>6/30/2005 |
|--|---------------------------|---|--------------------------------------|--|---|-------------------------------------|-------------------------------------|---|
| <b>U.S. Department of Agriculture:</b>                 |                           |   |                                      |  |   |                                     |                                     |   |
| Passed through the Michigan Department of Education:   |                           |   |                                      |  |   |                                     |                                     |   |
| Child Nutrition Cluster:                               |                           |   |                                      |  |   |                                     |                                     |   |
| NSL - breakfast  | 10.553                    | 041970<br>051970                        | \$ 12,436<br>15,412                  | \$<br>                                       | \$ 10,285   | \$ 2,151<br>15,412                  | \$ 2,151<br>15,412                  | \$  |
|  |                           |   | 27,848                               |  | 10,285  | 17,563                              | 17,563                              |   |
| National School Lunch                                  | 10.555                    | 041950<br>051950<br>041960<br>051960    | 43,072<br>38,795<br>72,041<br>71,604 | 37<br><br>190                                | 36,655<br><br>60,743                                | 6,453<br>38,795<br>11,489<br>71,604 | 6,416<br>38,795<br>11,299<br>71,604 |   |
|  |                           |   | 225,512                              | 227  | 97,398  | 128,341                             | 128,114                             |   |
| Total Child Nutrition Cluster                          |                           |   | 253,360                              | 227  | 107,683   | 145,904                             | 145,677                             |   |
| Commodities: Food Distribution                         |                           |   |                                      |  |   |                                     |                                     |   |
| Entitlement  | 10.550                    |   | 34,555                               |  |   | 31,168                              | 31,168                              |   |
| Bonus  |                           |   | 2,345                                |  |   | 2,345                               | 2,345                               |   |
|  |                           |   | 36,900                               |  |   | 33,513                              | 33,513                              |   |
| Total U.S. Department of Agriculture                   |                           |   | 290,260                              | 227  | 107,683   | 179,417                             | 179,190                             |   |

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

| Federal grantor/pass-through grantor/<br>program title | Federal<br>CFDA<br>number | Pass-<br>through<br>grantor's<br>number | Award<br>amount | Accrued<br>(deferred)<br>revenue<br>7/1/2004 | Prior years<br>expenditures<br>(memorandum<br>only) | Current<br>year<br>receipts | Current<br>year<br>expenditures | Accrued<br>(deferred)<br>revenue<br>6/30/2005 |
|--|---------------------------|---|-----------------|--|---|-----------------------------|---------------------------------|---|
| <u>U.S. Department of Education:</u>                   |                           |   |                 |  |   |                             |                                 |   |
| Passed through the Michigan Department of Education :  |                           |   |                 |  |   |                             |                                 |   |
| A.B.E. Section 306                                     | 84.002                    | 041120/4500053                          | \$ 37,834       | \$ 16,559                                    | \$ 37,834   | \$ 16,559                   | \$                              | \$  |
|  |                           | 041140/420052                           | 5,000           | 4,616  | 5,000   | 4,616                       |                                 |   |
|  |                           | 041120/5500054                          | 31,200          |  |   | 31,200                      | 31,200                          |   |
|  |                           | 051120/5500054                          | 28,100          |  |   | 28,100                      | 28,100                          |   |
|  |                           | 041150/540140                           | 2,000           |  |   | 2,000                       | 2,000                           |   |
|  |                           | 041130/510165                           | 30,000          |  |   | 30,000                      | 30,000                          |   |
|  |                           | 051130/510165                           | 122,000         |  |   | 122,000                     | 122,000                         |   |
|  |                           |   | 256,134         | 21,175                                       | 42,834  | 234,475                     | 213,300                         |   |
| Title I  | 84.010                    | 031530/0304                             | 51,165          | 51,165                                       | 51,165  | 51,165                      |                                 |   |
|  |                           | 041530/0304                             | 221,107         | 122,915                                      | 221,107   | 122,915                     |                                 |   |
|  |                           | 041530/0405                             | 13,301          |  |   | 13,301                      | 13,301                          |   |
|  |                           | 051530/0405                             | 234,408         |  |   | 190,083                     | 234,408                         | 44,325  |
|  |                           |   | 519,981         | 174,080                                      | 272,272   | 377,464                     | 247,709                         | 44,325  |

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

| Federal grantor/pass-through grantor/<br>program title           | Federal<br>CFDA<br>number | Pass-<br>through<br>grantor's<br>number   | Award<br>amount            | Accrued<br>(deferred)<br>revenue<br>7/1/2004 | Prior years<br>expenditures<br>(memorandum<br>only) | Current<br>year<br>receipts | Current<br>year<br>expenditures | Accrued<br>(deferred)<br>revenue<br>6/30/2005 |
|--|---------------------------|---|----------------------------|--|---|-----------------------------|---------------------------------|---|
| <b>U.S. Department of Education (Concluded):</b>                 |                           |   |                            |  |   |                             |                                 |   |
| Passed through the Michigan Department of Education (Concluded): |                           |   |                            |  |   |                             |                                 |   |
| Title II Part D  | 84.318                    | 044290/0405<br>054290/0405                | \$ 725<br>5,957            | \$   | \$  | \$ 725<br>5,957             | \$ 725<br>5,957                 | \$  |
|  |                           |   | 6,682                      |  |   | 6,682                       | 6,682                           |   |
| Reading First Grant  | 84.357                    | 052920/020303                             | 87,850                     |  |   | 87,850                      | 87,850                          |   |
| Improving Teacher Quality  | 84.367                    | 040520/0304<br>040520/0405<br>050520/0405 | 71,760<br>14,029<br>84,385 | 27,211                                       | 71,760  | 27,211<br>14,029<br>63,618  | 14,029<br>78,628                | 15,010  |
|  |                           |   | 170,174                    | 27,211                                       | 71,760  | 104,858                     | 92,657                          | 15,010  |
| Total passed through Michigan Department<br>of Education         |                           |   | 1,040,821                  | 222,466                                      | 386,866   | 811,329                     | 648,198                         | 59,335  |
| Passed through Ingham Intermediate School District:              |                           |   |                            |  |   |                             |                                 |   |
| Special Education Transitions                                    | 84.027                    | 2004-05                                   | 2,000                      |  |   | 300                         | 300                             |   |
| Individuals with Disabilities Education Act                      | 84.173                    | 040460/0304<br>050460/0405                | 16,433<br>17,103           | 16,433                                       | 16,433  | 16,433                      | 17,103                          | 17,103  |
|  |                           |   | 33,536                     | 16,433                                       | 16,433  | 16,433                      | 17,103                          | 17,103  |
| Total passed through Ingham Intermediate<br>School District      |                           |   | 35,536                     | 16,433                                       | 16,433  | 16,733                      | 17,403                          | 17,103  |
| Total U.S. Department of Education                               |                           |   | 1,076,357                  | 238,899                                      | 403,299   | 828,062                     | 665,601                         | 76,438  |

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

| Federal grantor/pass-through grantor/<br>program title | Federal<br>CFDA<br>number | Pass-<br>through<br>grantor's<br>number | Award<br>amount | Accrued<br>(deferred)<br>revenue<br>7/1/2004 | Prior years<br>expenditures<br>(memorandum<br>only) | Current<br>year<br>receipts | Current<br>year<br>expenditures | Accrued<br>(deferred)<br>revenue<br>6/30/2005 |
|--|---------------------------|---|-----------------|--|---|-----------------------------|---------------------------------|---|
| <u>U.S. Department of Homeland Security:</u>           |                           |   |                 |  |   |                             |                                 |   |
| Passed through Michigan State Police:                  |                           |   |                 |  |   |                             |                                 |   |
| Homeland Security                                      | 97.004                    | 2004-05                                 | \$              | \$   | \$  | \$ 10,419                   | \$                              | \$(10,419)                                    |
| Total U.S. Department of Homeland Security             |                           |   |                 |  |   | 10,419                      |                                 | (10,419)                                      |
| TOTAL FEDERAL FINANCIAL ASSISTANCE                     |                           |   | \$ 1,366,617    | \$239,126                                    | \$ 510,982  | \$ 1,017,898                | \$ 844,791                      | \$ 66,019                                     |

The accompanying notes are an integral part of this schedule.

**HASLETT PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005**

NOTES:

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Haslett Public Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. CFDA # 84.010 was audited as the major program, representing 29% of expenditures.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. Management has utilized the Grant Section Auditors Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.
5. Federal expenditures are reported as revenue in the following funds in the financial statements:

|                      |                          |
|----------------------|--------------------------|
| General fund         | \$ 665,601               |
| Special revenue fund | <u>179,190</u>           |
|                      | <u><u>\$ 844,791</u></u> |

**HASLETT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**Section I - Summary of Auditors= Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

\* Material weakness(es) identified: \_\_\_\_\_ Yes   X   No

\* Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over major programs:

\* Material weakness(es) identified: \_\_\_\_\_ Yes   X   No

\* Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 84.010         | Title I                            |

Dollar threshold used to distinguish between type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None



**HASLETT PUBLIC SCHOOLS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2005**

There were no audit findings in the prior year.



Lamonte T. Lator  
Bruce J. Dunn  
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David M. Raeck  
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Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

August 5, 2005

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

In planning and performing our audit of the financial statements of Haslett Public Schools for the year ended June 30, 2005, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated August 5, 2005, on the financial statements of Haslett Public Schools.

**PRIOR YEAR COMMENTS - RESOLVED:**

Government Accounting Standards Board (GASB) Statement #40 "Deposit and Investment Risk Disclosures"

Effective June 30, 2005, governmental entities were required to expand their current disclosure requirements addressing common risks of the deposits and investments. The disclosure requirements apply to debt and an equity investment held directly by the entity or indirectly by investment advisors and requires that a governmental entity disclose investment policies that are related to custodial credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk.

We are pleased to announce the District reviewed its investment policies and determined all common risks areas are identified and the appropriate level of risk of each area is quantified.

Financial Information Database (FID) Filing

We are pleased to announce Haslett Public Schools has complied with the Financial Information Database (FID) Filing requirements set forth by the Center for Education Performance and Information.

Changes in Sinking fund Approval

During the year ended June 30, 2004, the Michigan Department of Treasury no longer pre-approved sinking fund expenditures. Rather, each district was required to consult with legal counsel to determine compliance with State law, where expenditures were not clearly allowed.

We are pleased to announce Haslett Public Schools consulted with legal counsel to determine the propriety of expenditures to conform with State law when considered necessary.

Segregate Bank Reconciliation Duties

In the prior year, we recommended someone other than the business office supervisor, who prepared the bank reconciliation, open the bank statement and scan canceled checks and other transactions for any unusual or improper items.

We are pleased to announce internal control is strengthened by having someone other than the business office supervisor receive the unopened bank statement and reviews the contents for unusual items.

Employee Dishonesty Insurance Coverage

We are pleased to announce the District has increased coverage from \$50,000 to \$300,000.

**CURRENT YEAR COMMENTS:**

Numerical Sequence of Checks

Although internal control is strengthened by the comment above (Segregate Bank Reconciliation Duties), in order to further enhance the internal control structure, we recommend the check signer maintain a list of checks presented for signature. Any gaps in check sequence should be investigated promptly.

New Rules For §403(B) Plans

Proposed regulations were issued last year that require a written plan document for §403(b) plans. The plan must contain all the material terms and conditions for eligibility, benefits, contribution limitations, the annuity contracts or accounts available or used under the plan for funding, and the time and form under which benefit payments will be made. There is no requirement that a single document must be used. This rule applies for tax years beginning after 2005.

We would recommend that you contact your attorney before the end of 2005 to assure you comply.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

4

August 5, 2005

This report is intended solely for the information and use of Haslett Public Schools, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Mamie Costenisco & Ellis, P.C.*



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August 5, 2005

To the Board of Education  
Haslett Public Schools  
Haslett, Michigan

We have audited the financial statements of Haslett Public Schools for the year ended June 30, 2005 and have issued our report thereon dated August 5, 2005. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated June 15, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Haslett Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Haslett Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Haslett Public School's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Statement" applicable to each of its major federal programs for the purpose of expressing an opinion on Haslett Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Haslett Public School's compliance with those requirements.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Haslett Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2005 except for your investment policy. We noted no transactions entered into by Haslett Public Schools during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was were:

Management's estimate of the liability of the payout for employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain fixed assets were originally recorded using an external appraisers estimates. Certain allocations on the statement of activities are based on estimates.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Haslett Public School's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Haslett Public School, either individually or in the aggregate, indicate matters that could have a significant effect on the Haslett Public School's financial reporting process. All adjustments have been approved by management.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Haslett Public School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of Board of Education and management of Haslett Public School and is not intended to be and should not be used by anyone other than these specified parties.

*Mamie Costenison & Ellis, P.C.*